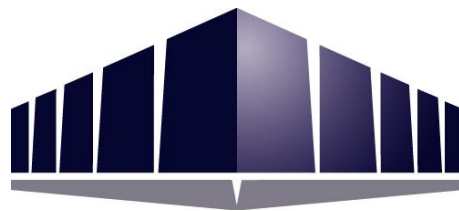


Securities Code: 8987



# JEI

**Japan Excellent, Inc.**

**Twenty-Ninth Period (Ended December 2020)**

**Presentation Materials**

February 18, 2021

# Information on Website

Please visit JEI's website below.



(URL) <https://www.excellent-reit.co.jp/en/>

QR code



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# Introduction of JEI: Continuous Quality Growth of Office REIT in Tokyo Metropolitan Area

## 1. Sponsors

Japan Excellent, Inc.  
Japan Excellent Asset Management Co., Ltd.



- Continuous expansion of the asset size through the provision of property acquisition opportunities
- Strengthening of profitability and enhancement of property competitiveness with strong property management and leasing capabilities
- Stable and flexible fund procurement

### Core Sponsors



**Nippon Steel Kowa Real Estate Co., Ltd.**  
(Investment ratio: 54%)

Total of group: **64%**

By your side, for life



**The Dai-ichi Life Insurance Company, Limited.**  
(Investment ratio: 26%)

Total of group: **36%**



Mizuho Bank, Ltd.



Mizuho Trust & Banking Co., Ltd.



The Dai-ichi Building Co., Ltd.



Sohgo Housing Co., Ltd.

\* The investment ratio by each core sponsor shown above is the investment ratio in Japan Excellent Asset Management Co., Ltd., which is the Asset Management Company.

- ◆ Cooperative system with finance, insurance and developers as the core sponsors
- Continuously acquired large-scale properties in central Tokyo with high specifications mainly by utilizing the sponsor pipeline
  - Percentage of properties in the portfolio that were acquired from the sponsor: **79.8%**
- Maintained a high occupancy rate by also gaining significant sponsor support on property operation and management Continuous stable growth of rental revenue
  - Period-end occupancy rate for the 29th Period: **98.0%**  
(Average occupancy rate over the past 5 years: 99.2%)
  - Rental revenue for the 29th Period: **9,998 million yen**
- Established a solid financial base supported by a megabank sponsor
  - Ratings: **AA-** (JCR), **A3** (Moody's)
  - Average remaining period of interest-bearing debt: **4.6 years**
  - LTV: **42.7%**

## 2. Portfolio\*

- High growth potential and stability mainly in the Tokyo metropolitan area

Number of properties: **34**

Asset size: **272.3 billion yen**

Ratio of investment in office buildings: **93.0%**

Large-scale properties: **70.1%**

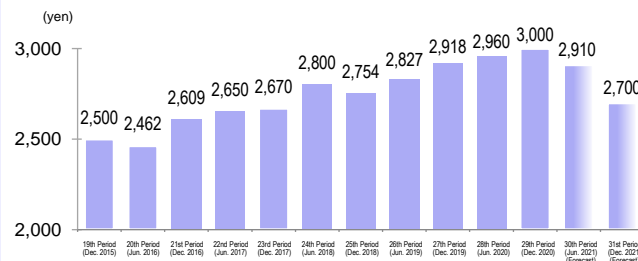
Tokyo metropolitan area: **85.3%**

6 central wards of Tokyo: **51.7%**

\*\* Please refer to notes on p. 39 for definitions of the figures above.

## 3. Historical Distributions

- Operational stance aiming for stable distribution



## 4. ESG Initiatives

- Strongly promoting initiatives by positioning them as the most important issue

- ① Reduction of Environmental Burden
- ② Cooperation/Collaboration with Stakeholders

**GRESB: Acquired the highest rating of "Green Star" and "5star"**

**MSCI ESG Rating: Acquired rating of "A"**

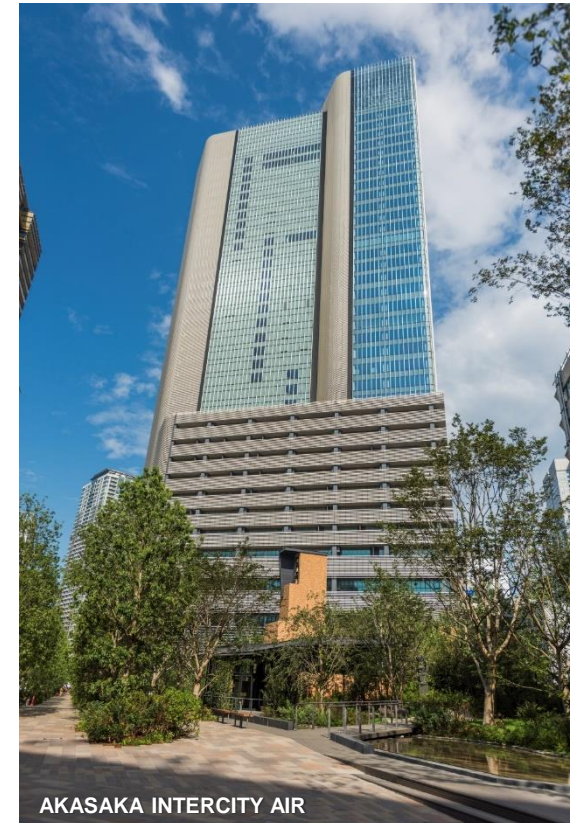
**Green Building Certification: 78.1% (area basis)**

**Signing the Principles for Responsible Investment (PRI)**

**Sustainability Finance: First introduction for a J-REIT**

# I. Financial Results of the 29th Period (Ended December 2020)

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# 1. Highlights of the 29th Period (Ended December 2020)

## External Growth

- ◆ Completed qualitative improvement of portfolio through asset replacement
  - Completed the transfer of JEI Nishi-Honmachi Building in parts (July 2020)
- ◆ Shift to asset expansion phase
  - Continued to negotiate property acquisition with sponsors and third parties (including substitute property)

■ Unrealized gain	Highest ever: <b>62.6</b> billion yen,	Change from FP28: <b>+1.5</b> billion yen
■ Percentage of unrealized gain	Highest ever: <b>24.5%</b> ,	Change from FP28: <b>+0.7</b> pt
■ Average portfolio NOI yield	<b>4.6%</b>	→ <b>5.2%</b>
	(End of 23rd Period)	(End of 29th period)

## Internal Growth

- ◆ Realized upward rent revision exceeding the plan for approximately 40% of the area subject to rent revision
- ◆ Occupancy rate was almost at the same level as the planned level

■ Status of rent	Ratio of rent revised upward (area basis): <b>41.7%</b>	Rate of upward rent revision: <b>+3.5%</b>
		(Planned value: +3.1%)
■ Period-end occupancy rate: <b>98.0%</b>		

## Financial Strategy

- ◆ Also promoted fixed interest rates, extended remaining period of interest-bearing debt, and diversified repayment dates
- ◆ Implemented the first sustainability loan for a J-REIT (2 billion yen), and issued the second green bond with the largest lot (5 billion yen) as a 15-year bond among J-REITs
- ◆ Accumulated internal reserve by using gain on sale

■ Ratio of fixed interest rates	<b>91.4%</b>	→	<b>95.4%</b>
	(End of 28th Period)		(End of 29th period)
■ Average remaining period of interest-bearing debt	<b>4.5</b> years	→	<b>4.6</b> years
	(End of 28th Period)		(End of 29th period)
■ Internal reserve	<b>219</b> million yen	→	<b>451</b> million yen
	(End of 28th Period)		(End of 29th period)
■ LTV	<b>42.8%</b>	→	<b>42.7%</b>
	(End of 28th Period)		(End of 29th period)

## ESG

- ◆ Received "GreenStar" and "5 Star," the highest ratings in the 2020 GRESB Real Estate Assessment

■ GRESB Real Estate Assessment:	<b>Green Star</b>	<b>4 Star</b>	→	<b>5 Star</b>
	(six consecutive years)	(fiscal 2019)		(fiscal 2020)
■ MSCI ESG Rating (Upgraded for two consecutive years):	<b>BBB → A</b>			
■ Percentage of properties with Green Building certification (area basis):	<b>78.1%</b>			

## Distribution per Unit

FP28: 2,960 yen

**FP29: 3,000 yen**

**+40 yen**  
(+1.4%)  
from FP28

Change from forecast at  
beginning of period  
±0 yen

## NAV per Unit

FP28: 157,658 yen

**FP29: 158,992 yen**

**+1,334 yen**  
(+0.8%)  
from FP28

## 2. Impact of COVID-19 Crisis in the 29th Period (Ended December 2020) Japan Excellent, Inc.

The rent collection rate in the 29th Period was 99.4%, and the impact on performance was relatively small as assumed in the previous period

### ◆ Status of commercial tenants, etc.

- Commercial facilities, etc. are only retail stores attached to buildings, etc. which JEI owns, and the ratio to the entire rent revenue it represents is small
- There was only one new request for rent reduction/exemption and postponement of rent payment. Considered a total of 12 cases including 7 cases of re-requests due to the deterioration of business performance and 4 cases under discussion at the end of the previous period
- Responded by conducting rent reduction/exemption for 2 tenants after comprehensively taking into account the balance forecast and the impact of withdrawal

### ◆ Status of office tenants

- Considered a total of 19 cases including 6 cases of new requests, 2 cases of re-requests and 11 cases under discussion at the end of the previous period.
- Responded by conducting rent reduction/exemption for 4 tenants. There were 5 cases of departure and floor reduction due to the deterioration of business performance

	Status of Requests (29th Period)	Status of Response at the End of the 29th Period	Amount of Impact on Financial Results
Commercial tenants, etc.	<ul style="list-style-type: none"> <li>• Under discussion at the end of the previous period (A): 4 cases</li> <li>• New request (B): 1 case</li> <li>• Re-request (C): 7 cases</li> </ul> <hr/> Total 12 cases	<ul style="list-style-type: none"> <li>• 2 cases of rent reduction/exemption</li> <li>• 0 cases of postponement of rent payment</li> <li>• 6 cases of cancellation by counterparty</li> <li>• 4 cases currently under discussion</li> </ul> <hr/> Total (A+B+C) 12 cases	<ul style="list-style-type: none"> <li>• Revenue: -33.8 million yen (Previous assumption: -39 million yen)</li> </ul>
Office tenants	<ul style="list-style-type: none"> <li>• Under discussion at the end of the previous period (D): 11 cases</li> <li>• New request (E): 6 case</li> <li>• Re-request (F): 2 cases</li> </ul> <hr/> Total 19 cases	<ul style="list-style-type: none"> <li>• 4 cases of rent reduction/exemption</li> <li>• 0 cases of postponement of rent payment</li> <li>• 6 cases of cancellation by counterparty</li> <li>• 5 cases of departure and floor reduction</li> <li>• 4 cases currently under discussion</li> </ul> <hr/> Total (D+E+F) 19 cases	<ul style="list-style-type: none"> <li>• Revenue: -6.8 million yen (Previous assumption: -0.8 million yen)</li> </ul>

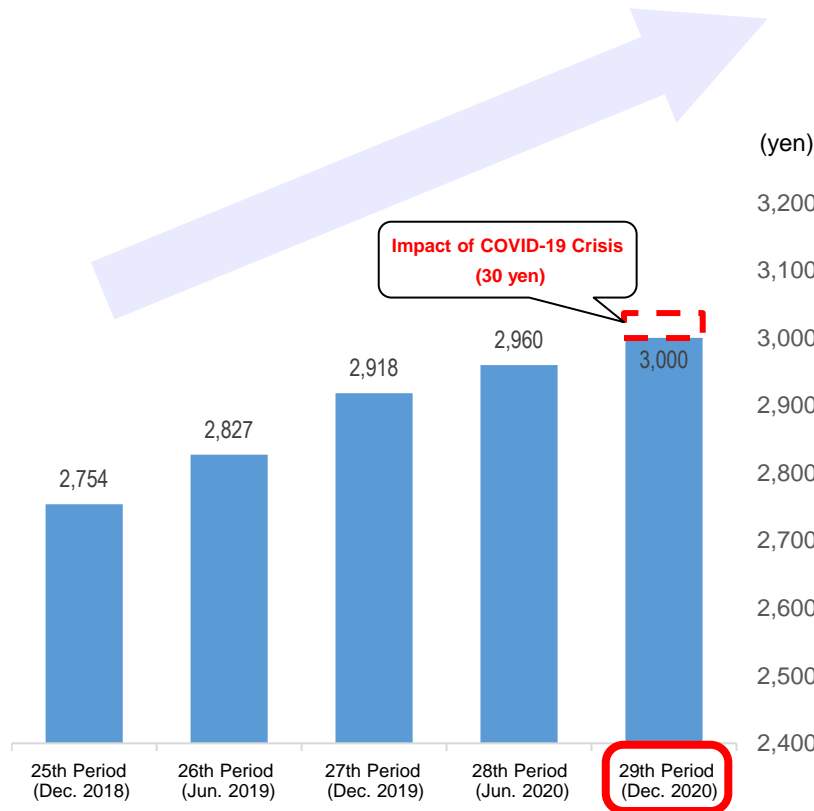
Amount of impact on  
financial results for  
the 29th Period  
Approx. -40.6 million yen  
(Previous assumption: -40 million yen)  
(DPU conversion around -30 yen)

\* The portion for which an agreement has been reached in GRAND FRONT OSAKA is excluded from the number of cases.

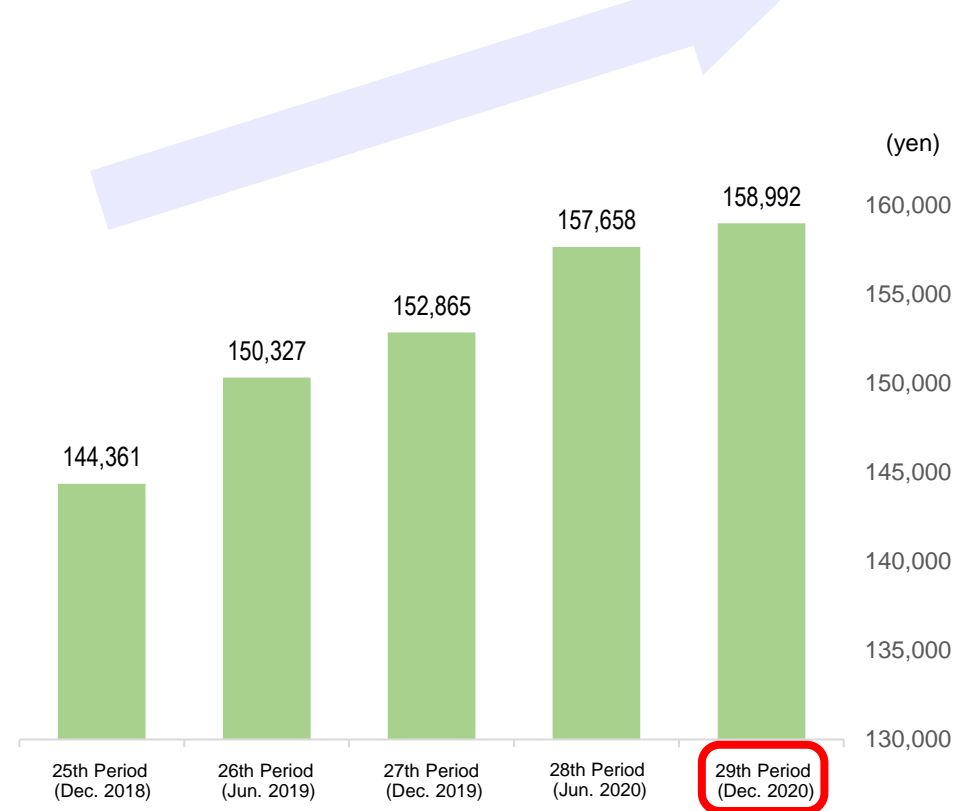
### 3. Actual Results of Distributions per Unit and NAV for the 29th Period (Ended December 2020)

- ◆ Achieved the initially planned management results and realized an increase in dividends for the fourth consecutive period despite the impact of the COVID-19 crisis
- ◆ NAV per unit also increased steadily due to the sale of properties with unrealized loss at the beginning of the period in addition to the increase in appraisal value due to internal growth

■ Distributions per Unit



■ NAV per Unit





# 4. Overview of Financial Results of the 29th Period

(Ended December 2020)

(unit: million yen)

	28th Period (Jun. 2020) Result A	29th Period (Dec. 2020) Initial Forecast B	29th Period (Dec. 2020) Result C	29th Period Result Comparison with previous period C-A	29th Period Result Comparison with initial forecast C-B
Operating revenue	12,717	11,131	11,043	-1,673	-87
Rental revenue	10,250	9,970	9,998	-251	+28
Gain on sales of real estate	1,704	314	314	-1,389	-
Operating expenses	6,426	6,296	6,119	-307	-177
Expenses for rental operations	5,697	5,683	5,487	-209	-196
Sales and administrative expenses	729	612	631	-97	+18
Operating income	6,290	4,834	4,924	-1,366	+90
Ordinary income	5,631	4,211	4,291	-1,340	+79
Net income	5,631	4,210	4,290	-1,340	+80
Provision (+) and reversal (-) of allowance for temporary difference adjustment	-1,406	-	-	+1,406	-
Provision (-) and reversal (+) of reserve for reduction entry	-219	-151	-232	-12	-80
Total distributions	4,004	4,059	4,059	+54	-
Distributions per unit (yen)	2,960	3,000	3,000	+40	-
Period-end occupancy rate	99.6%	98.2%	98.0%	-1.6pt	-0.2pt

## ● Comparison with the Results for the 28th Period (Ended June 2020) (Impact on Distribution Resources)

① Decrease in operating revenue	-1,673 million yen
Decrease in gain on sales of real estate	-1,389 million yen
Decrease in rental revenue	-251 million yen
(Sale of Nishi-Honmachi and Kawasaki Nishi-Guchi: -382 million yen)	
② Decrease in operating expenses	+307 million yen
Decrease in expenses for rental operations	+209 million yen
(Sale of Nishi-Honmachi and Kawasaki Nishi-Guchi: +255 million yen)	
Decrease in sales and administrative expenses	+97 million yen
(Decrease in management fees: +60 million yen)	
③ Decrease in non-operating expenses	+25 million yen
Absence of public offering related cost, etc.	
④ Decrease in ordinary income and net income	-1,340 million yen
⑤ Absence of reversal of allowance for temporary difference adjustment	+1,406 million yen
⑥ Increase in provision of reserve for reduction entry	-12 million yen
⑦ Increase in total distributions	+54 million yen

## ● Comparison with initial forecast (Impact on Distribution Resources)

① Decrease in operating revenue	-87 million yen
Decrease in revenue for utilities expenses	-105 million yen
② Decrease in operating expenses	+177 million yen
Decrease in utilities expenses	+154 million yen
Decrease in repairs and maintenance	+34 million yen
③ Increase in non-operating expenses	-10 million yen
Issuance costs of investment corporation bonds (green bonds)	
④ Increase in net income	+80 million yen
⑤ Increase in provision of reserve for reduction entry	-80 million yen

# 5. Financial Results of the 29th Period (Ended December 2020)

## (1) Comparison with the Previous Period

◆ DPU was 3,000 yen (+40 yen from the previous period) as planned as a result of compensating for the decrease in revenue due to the transfer of properties with the full-period contribution of the properties acquired in the previous period and the increase in rental revenue of existing properties. Also accumulated 232 million yen of internal reserve

				(unit: million yen)			
	28th Period (Jun. 2020) Result	29th Period (Dec. 2020) Result	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	12,717	11,043	- 1,673	■ External Growth (Newly Acquired Properties)	56	42 yen	GRAND FRONT OSAKA Full-period contribution
Rental revenue	10,250	9,998	-251	Increase in profit after depreciation of properties acquired in the 28th Period	56		
Revenue for utilities expenses	642	654	12	■ Internal Growth (Existing Properties)	120	89 yen	Departure and lease-up: -35 Rent revisions: 50 Absence of RH: 39
Other revenue	121	76	-45	Increase in rental revenue	58		
Gain on sales of real estate, etc.	1,704	314	-1,389	Increase in utilities revenue/expenses	46		
Operating expenses	6,426	6,119	-307	Decrease in other revenue	-49		
Expenses for rental operations	5,697	5,487	-209	Increase in expenses for rental operations	-32		Mansard Daikanyama: Cancellation penalty/revenue from restoration work: -34
Property management expenses	1,455	1,371	-83	Decrease in property management expenses	21		
Utilities expenses	864	831	-33	Increase in taxes	-7		
Taxes	963	919	-44	Increase in repairs and maintenance	-74		Impact of the postponement of construction work from the 28th period due to COVID-19: -40
Repairs and maintenance	214	282	67	Decrease in depreciation	24		
Other expenses for rental operations	251	258	6	Decrease in other expenses for rental operations	3		
(NOI)	7,263	7,066	-196	Decrease in sales and administrative expenses	97		
Depreciation	1,946	1,824	-122	■ Finance	25	19 yen	Decrease in asset management fees: 60 Decrease in non-deductible consumption tax: 29
Sales and administrative expenses	729	631	-97	Increase in interest expense	-1		
Operating income	6,290	4,924	-1,366	Decrease in loan-related fees	7		
Non-operating expenses	659	634	-25	Absence of public offering related cost	25		
Ordinary income	5,631	4,291	-1,340	Increase in other financial expenses	-4		
Net income	5,631	4,290	-1,340	■ Sale of Properties	-1,543	-1,141 yen	Transfer of Nishi-Honmachi (80%): -22 Transfer of Kawasaki Nishiguchi (30%): -123
Provision (+) and reversal (-) of allowance for temporary difference adjustment	-1,406	0	1,406	Decrease in profit after depreciation of properties transferred in the 28th Period	-145		
Provision (-) and reversal (+) of reserve for reduction entry	-219	-232	-12	Decrease in profit after depreciation of properties transferred in the 29th Period	-8		Transfer of Nishi-Honmachi (15%)
Total distributions	4,004	4,059	54	Decrease in gain on sale	-1,389		Decrease in gain on sale of Nishi-Honmachi: -1,331 Decrease in gain on sale of Kawasaki Nishi-Guchi: -58
Distributions per unit (yen)	2,960 yen	3,000 yen	40 yen	■ Allowance for Temporary Difference Adjustment/ Reserve for Reduction Entry	1,393	1,030 yen	
				Absence of reversal of allowance for temporary difference adjustment	1,406		
				Increase in provision of reserve for reduction entry	-12		Response to a book-tax difference resulted from the recording of impairment loss
				<b>Total</b>	53	40 yen	
FFO	5,873	5,800	-72				

# 5. Financial Results of the 29th Period (Ended December 2020)

## (2) Comparison with the Forecast

- ◆ Accumulated internal reserve with the upside of rental revenue and decrease in repairs and maintenance as well as achieved the initially planned DPU of 3,000 yen

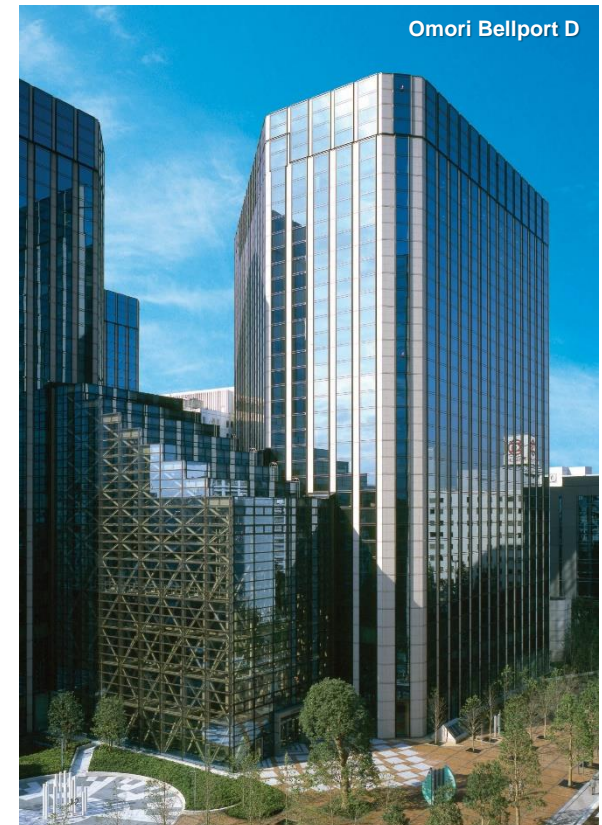
				(unit: million yen)			
	29th Period (Dec. 2020) Forecast	29th Period (Dec. 2020) Result	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	11,131	11,043	-87	■ External Growth (Newly Acquired Properties)	5	4 yen	
Rental revenue	9,970	9,998	28	Increase in profit after depreciation of properties acquired in the 28th Period	5		GRAND FRONT OSAKA
Revenue for utilities expenses	760	654	-105	■ Internal Growth (Existing Properties)	86	64 yen	
Other revenue	86	76	-9	Increase in rental revenue	23		Reduction of rent decreased in comparison with the plan: 15
Gain on sales of real estate, etc.	314	314	0	Increase in utilities revenue/expenses	50		
Operating expenses	6,296	6,119	-177	Decrease in other revenue	-9		
Expenses for rental operations	5,683	5,487	-196	Decrease in expenses for rental operations	41		
Property management expenses	1,370	1,371	1	Increase in property management expenses	-3		HAMARIKYU: Change in accounting of the development of damping device: 13
Utilities expenses	985	831	-154	Decrease in taxes	3		
Taxes	921	919	-1	Decrease in repairs and maintenance	34		Kawasaki Higashiguchi: Postponement of replacement and construction work of external wall and ceiling: 11
Repairs and maintenance	316	282	-34	Decrease in depreciation	2		
Other expenses for rental operations	262	258	-4	Decrease in other expenses for rental operations	4		
(NOI)	6,960	7,066	106	Increase in sales and administrative expenses	-18		
Depreciation	1,826	1,824	-2	■ Finance	-10	-8 yen	
Sales and administrative expenses	612	631	18	Increase in interest expense	-3		
Operating income	4,834	4,924	90	Increase in other financial expenses	-5		
Non-operating expenses	623	634	10	■ Sale of Properties	-1	-1 yen	
Ordinary income	4,211	4,291	79	Decrease in profit after depreciation of properties transferred in the 29th Period	-1		
Net income	4,210	4,290	80	■ Reserve for Reduction Entry	-80	-60 yen	
Provision (-) and reversal (+) of reserve for reduction entry	-151	-232	-80	Increase in provision of reserve for reduction entry	-80		
Total distributions	4,059	4,059	0	<b>Total</b>	0	0 yen	
Distributions per unit (yen)	3,000 yen	3,000 yen	0 yen				
FFO	5,722	5,800	77				

Memo



## II. Performance Forecasts for the 30th Period (Ending June 2021) and 31st Period (Ending December 2021)

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# 1. Idea on Performance Forecasts for the 30th Period (Ending June 2021) and 31st Period (Ending December 2021)

## <Outlook of office market>

- Although vacancy rates will increase gradually and new contracted rent will become bearish due to the decline in office demand and rent-bearing capacity of tenants resulting from the deterioration of the economy, the range of deterioration is forecast to be mild compared with that at the time of the Global Financial Crisis due to the decrease in the supply of new offices, expectations over the COVID-19 issue with the response to vaccines, and observation of corporate performance hitting bottom
- As for leasing, the wait-and-see attitude of companies is becoming stronger due to the increase in options resulting from the occurrence of vacancies as well as expectations over the decline in rent, and a severe situation continues to be seen
- Specific movements regarding remote work by large companies are forecast to gradually become apparent, and it is necessary to pay close attention to the future trend. As ideas on the new way of offices (consideration of social distance, utilization of shared spaces, etc.) gradually become apparent, uncertainty over the future of the office market may be eliminated

## <Policy on leasing activities>

- **Focus on “flexible rent negotiations regardless of upward rent revisions” and “early refilling of vacated floors” based on the current leasing environment**
  - Adopt a stance to flexibly respond to rent renewal by comprehensively taking into account the business conditions of tenants while continuing to challenge upward rent revisions based on the rent gap
  - Focus on early refilling by cooperating with sponsors and setting flexible conditions taking into account the level of difficulty by property

## <Idea on performance forecast>

◎ Make performance forecasts based on more conservative scenarios by taking into account uncertain factors such as the trend of the COVID-19 issue and the magnitude of the impact of remote work

- Requests for rent reduction/exemption by commercial tenants, etc. due to the redeclaration of state of emergency are incorporated at a level slightly below that for the previous period (30th Period: -22 million yen, 31st Period: -23 million yen)
- Move-outs are assumed at a level that has been accumulated considerably in a wide range amid a strong sense of uncertainty. Also extend the DT and lengthen the FR period from the previous period upon the refilling of vacancies. Assume (a large floor with an area of a little over 200 tsubos in particular)
- As for contract renewals, the level of rent renewal is set very conservatively after significantly limiting the tenants subject to rent increase. In addition, requests for lowering rent levels made by tenants whose rent gaps are positive have also been incorporated to a certain degree

⇒ Performance forecast conservatively setting the occupancy rate under the above severe scenario

### [Period-end occupancy rate]

29th Period	30th Period	31st Period
98.0%	97.1%	95.0%

## 2. Overview of Performance Forecasts for the 30th Period (Ending June 2021) and 31st Period (Ending December 2021)

(unit: million yen)

	29th Period (Dec. 2020) Result A	30th Period (Jun. 2021) Forecast B	Comparison of Forecast for 30th Period with Previous Period B-A	31st Period (Dec. 2021) Forecast C	Comparison of Forecast for 31st Period with Previous Period C-B
Operating revenue	11,043	10,574	-469	10,321	-252
Rental revenue	9,998	9,847	-151	9,560	-287
Gain on sales of real estate	314	-	-314	-	-
Operating expenses	6,119	6,070	-48	6,152	+82
Expenses for rental operations	5,487	5,440	-46	5,540	+99
Sales and administrative expenses	631	629	-2	612	-17
Operating income	4,924	4,504	-420	4,168	-335
Ordinary income	4,291	3,897	-393	3,518	-378
Net income	4,290	3,896	-393	3,517	-378
Provision (-) and reversal (+) of reserve for reduction entry	-232	+40	+272	135	+94
Total distributions	4,059	3,937	-121	3,653	-284
Distributions per unit (yen)	3,000	2,910	-90	2,700	-210
Period-end occupancy rate	98.0%	97.1%	-0.9pt	95.0%	-2.1pt

### ● Comparison of the Results for the 29th Period and Forecasts for the 30th Period (Impact on Distribution Resources)

① Decrease in operating revenue	-469 million yen
· Decrease in rental revenue (decline in occupancy rate, etc.)	-151 million yen
· Decrease in gain on sales of real estate	-314 million yen
② Decrease in operating expenses	+48 million yen
· Decrease in expenses for rental operations	+46 million yen
(Decrease in repairs and maintenance: +70 million yen)	
③ Decrease in non-operating expenses	+27 million yen
· Absence of arrangement fee, etc.	
④ Decrease in ordinary income and net income	-393 million yen
⑤ Absence and reversal of provision of reserve for reduction entry	+272 million yen
⑥ Decrease in total distributions	-121 million yen

### ● Comparison of Forecasts for the 30th Period and Forecasts for the 31st Period

① Decrease in operating revenue	-252 million yen
· Decrease in rental revenue (decline in occupancy rate, etc.)	-287 million yen
· Increase in revenue for utilities expenses	+92 million yen
② Increase in operating expenses	-82 million yen
· Increase in utilities expenses	-86 million yen
③ Increase in non-operating expenses	-43 million yen
· Arrangement fee, etc.	
④ Decrease in ordinary income and net income	-378 million yen
⑤ Increase in reversal of reserve for reduction entry	+94 million yen
⑥ Decrease in total distributions	-284 million yen

Previous forecast: 3,937 MN yen

Previous forecast: 2,910 yen

# 3. Performance Forecasts

## (1) 30th Period (Ending June 2021)

◆ DPU is expected to be 2,910 yen as announced due to the reversal of internal reserve as a result of conservatively incorporating the absence of gain on sales in the previous period, tenant departure and the risk of extension of DT and FR

				(unit: million yen)			
	29th Period (Dec. 2020) Result	30th Period (Jun. 2021) Forecast	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	11,043	10,574	-469	<b>Internal Growth (Existing Properties)</b>	-106	-79 yen	
Rental revenue	9,998	9,847	-151	Decrease in rental revenue	-151		Departure and lease-up: -178
Revenue for utilities expenses	654	585	-68	Decrease in utilities revenue/expenses	-8		Rent revisions: 6
Other revenue	76	140	64	Increase in other revenue	64		Conclusion of pass-through type master lease agreement for Daiba Garden City Building: 17
Gain on sales of real estate, etc.	314	0	-314	Increase in expenses for rental operations	-13		
Operating expenses	6,119	6,070	-48	Increase in property management expenses	-48		Cancellation penalty at AKASAKA INTERCITY: 50
Expenses for rental operations	5,487	5,440	-46	Increase in taxes	-17		
Property management expenses	1,371	1,420	48	Decrease in repairs and maintenance	70		Increase in outsourcing costs: Daiba Garden City Building -33
Utilities expenses	831	770	-60	Increase in depreciation	-15		
Taxes	919	937	17	Increase in other expenses for rental operations	-2		Absence of repairs and maintenance fees carried over from the 28th period to the 29th period : 40
Repairs and maintenance	282	211	-70	Decrease in sales and administrative expenses	2		
Other expenses for rental operations	258	260	2	<b>Finance</b>	27	20 yen	Absence of arrangement fee: 20
(NOI)	7,066	6,973	-93	Decrease in loan relating fees	23		
Depreciation	1,824	1,839	15	Decrease in other financial expenses	4		
Sales and administrative expenses	631	629	-2	<b>Sale of Properties</b>	-314	-232 yen	Absence of gain on sale of Nishi-Honmachi
Operating income	4,924	4,504	-420	Absence of gain on sale	-314		
Non-operating expenses	634	607	-27	<b>Reserve for Reduction Entry</b>	272	202 yen	
Ordinary income	4,291	3,897	-393	Absence and reversal of provision of reserve for reduction entry	272		
Net income	4,290	3,896	-393	<b>Total</b>	-122	-90 yen	
Provision (-) and reversal (+) of reserve for reduction entry	-232	40	272				
Total distributions	4,059	3,937	-121				
Distributions per unit (yen)	3,000 yen	2,910 yen	-90 yen				
FFO	5,800	5,736	-64				



# 3. Performance Forecasts

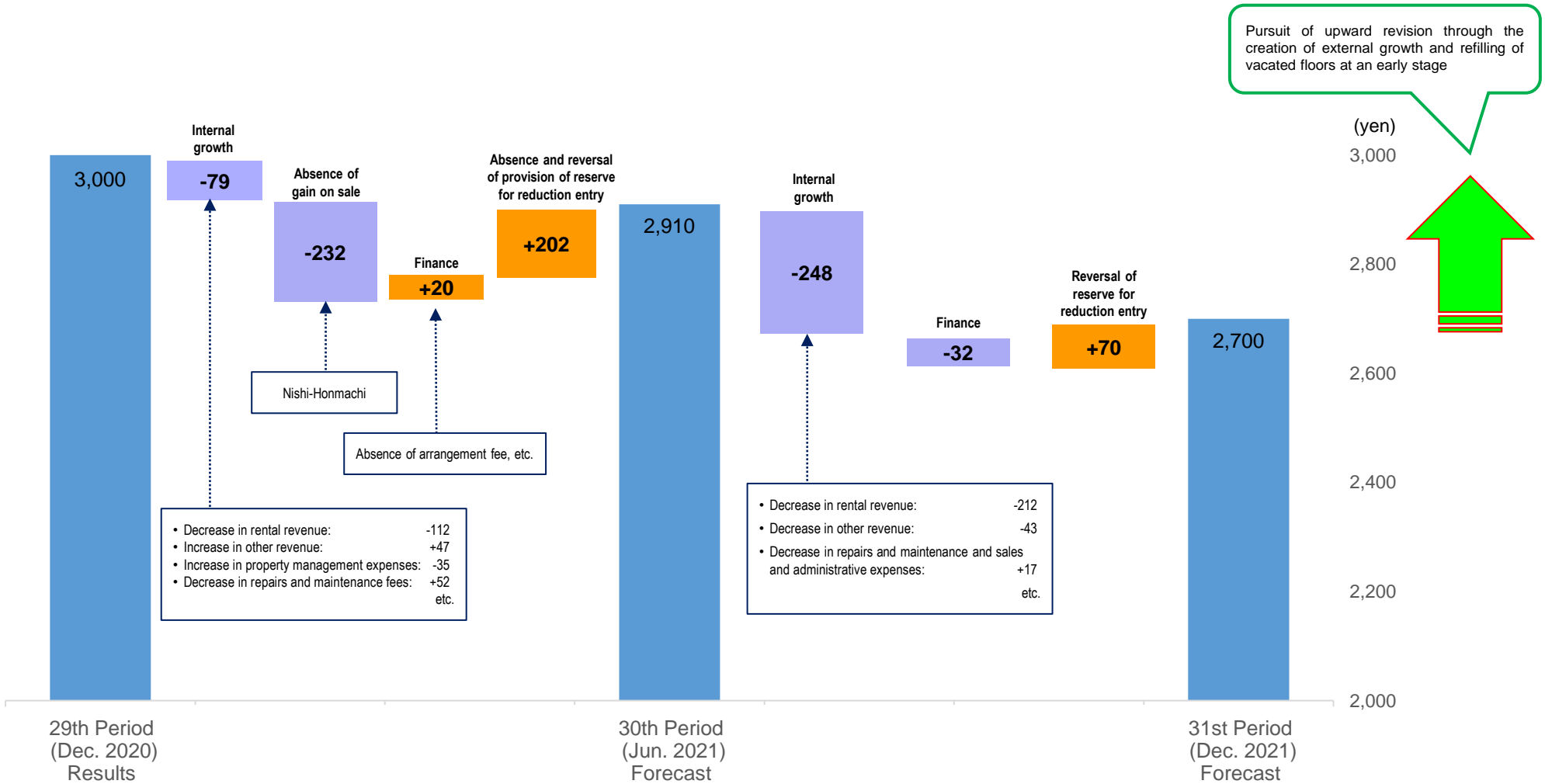
## (2) 31st Period (Ending December 2021)

◆ DPU is expected to be 2,700 yen, down 210 yen from the previous period, as a result of widely incorporating tenant departures and the risk of extension of DT and FR

				(unit: million yen)			
	30th Period (Jun. 2021) Forecast	31st Period (Dec. 2021) Forecast	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	10,574	10,321	-252	<b>■ Internal Growth (Existing Properties)</b>	-335	-248 yen	
Rental revenue	9,847	9,560	-287	Decrease in rental revenue	-287		Departure and lease-up: -299
Revenue for utilities expenses	585	678	92	Increase in utilities revenue/expenses	6		Rent revisions: 4
Other revenue	140	82	-58	Decrease in other revenue	-58		Conclusion of pass-through type master lease agreement for Daiba Garden City Building: 4
Operating expenses	6,070	6,152	82	Increase in expenses for rental operations	-13		Absence of cancellation penalty at AKASAKA INTERCITY: -50
Expenses for rental operations	5,440	5,540	99	Decrease in property management expenses	15		
Property management expenses	1,420	1,404	-15	Increase in taxes	-9		
Utilities expenses	770	856	86	Decrease in repairs and maintenance	6		
Taxes	937	947	9	Increase in depreciation	-19		
Repairs and maintenance	211	205	-6	Increase in other expenses for rental operations	-6		
Other expenses for rental operations	260	266	6	Decrease in sales and administrative expenses	17		
(NOI)	6,973	6,640	-333	<b>■ Finance</b>	-43	-32 yen	
Depreciation	1,839	1,859	19	Increase in loan relating fees	-43		Arrangement fee: -34
Sales and administrative expenses	629	612	-17	<b>■ Reserve for Reduction Entry</b>	94	70 yen	
Operating income	4,504	4,168	-335	Increase in reversal of reserve for reduction entry	94		
Non-operating expenses	607	650	43	<b>Total</b>	-284	-210 yen	
Ordinary income	3,897	3,518	-378				
Net income	3,896	3,517	-378				
Provision (-) and reversal (+) of reserve for reduction entry	40	135	94				
Total distributions	3,937	3,653	-284				
Distributions per unit (yen)	2,910 yen	2,700 yen	-210 yen				
FFO	5,736	5,377	-358				

# 4. Forecast of Distributions per Unit

- ◆ DPU for the 30th period is forecasted to be 2,910 yen as announced due to the reversal of internal reserve as a result of conservatively incorporating the absence of gain on sales in the previous period, tenant departure and the risk of extension of DT and FR
- ◆ DPU for the 31st period is forecasted to be 2,700 yen as a result of widely incorporating the tenant departure and the risk of extension of DT and FR



### III. Management Status and Policy

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# 1. External Growth

## (1) Change in External Growth and Policies/Strategies

### Principles and Strategies of External Growth

**[Policy] Plan to constantly accumulate high-quality properties with an aim to realize stable growth of DPU and NAV**

**[Result]** (End of December 2010 to end of December 2020)

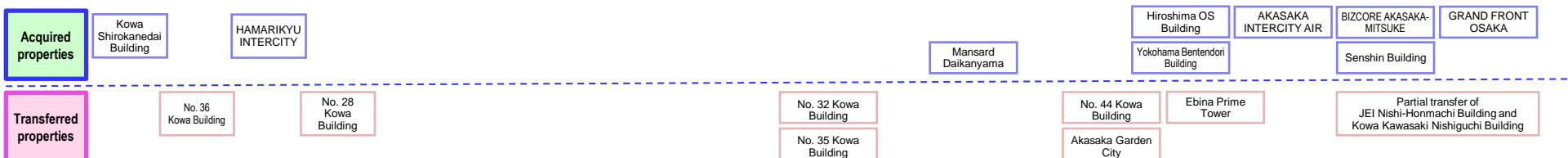
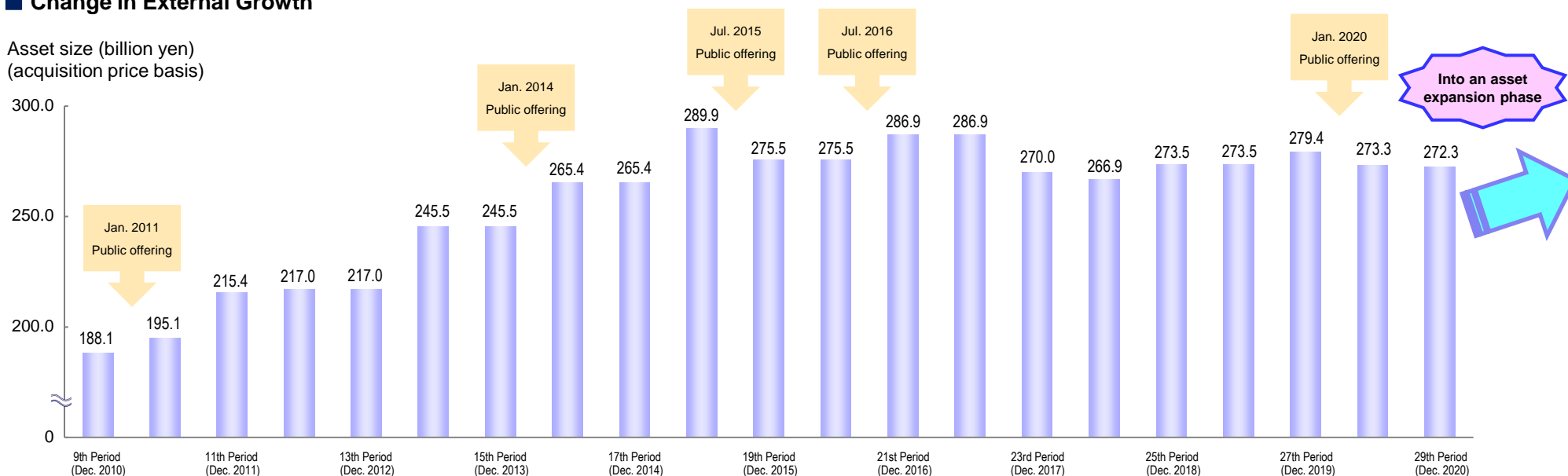
- ◆ Acquisition: 27 properties-156.4 billion yen  
Acquisition from sponsor: 64.6%
- ◆ Sale: 9 properties-72.2 billion yen

**[Future strategies]**

- ◆ To expand asset size over the medium term
- ◆ Continue to conduct selective investment as a harsh acquisition environment is expected to continue
- ◆ Continuous supply of pipelines in conjunction with the mid-term plan of core sponsors is the main focus

### Change in External Growth

Asset size (billion yen)  
(acquisition price basis)



# 1. External Growth

## (2) Major Development Cases and Portfolio of Sponsor

Kowa Nishi-shimbashi Building



2013: Acquired 27%  
2017: Acquired 52%

AKASAKA INTERCITY



2007: Acquired 25%  
2013: Acquired 24%

Mansard Daikanyama



2016: Acquired 100%

HAMARIKYU INTERCITY



2011: Acquired 40%  
2014: Acquired 60%

GRAND FRONT OSAKA



2020: Acquired 2.45%

AKASAKA INTERCITY AIR



2018: Acquired 2.9%

BIZCORE AKASAKA-MITSUKE



Oct. 2019: Acquired 100%

Candidate properties to be considered in the future



To develop one after another for the launch of series

**BIZCORE**

BIZCORE JIMBOCHO Completed Nov. 2017  
BIZCORE AKASAKA-MITSUKE Completed Mar. 2019  
BIZCORE TSUKUJI Completed Jul. 2019  
BIZCORE SHIBUYA Completed Jan. 2020  
(Tentative name) BIZCORE KANDA-SUDACHO Project Scheduled to be completed in October 2021



No. 44 Kowa Building



No. 35 Kowa Building



No. 32 Kowa Building



No. 28 Kowa Building

Resold by eyeing redevelopment



Mansard Daikanyama 2009



HAMARIKYU INTERCITY 2011



GRAND FRONT OSAKA 2013



AKASAKA INTERCITY AIR 2017



Nittetsu Nihonbashi Building 2019



Kowa Nishi-Shimbashi Building 1996



SHINAGAWA INTERCITY 1998



AKASAKA INTERCITY 2005



NAGOYA INTERCITY 2008



Shibauna Rune Site Tower 2009



ARK Hills FRONT TOWER 2011



Art Village Osaka



MEGURO CENTRAL SQUARE and Brillia Towers Meguro

Toranomon 2-Chome Redevelopment  
Scheduled for completion in November 2023



MM Block 53 Project (Yokohama Minato Mirai)  
Scheduled for completion in November 2023

By your side, for life

**DAI-ICHI LIFE**

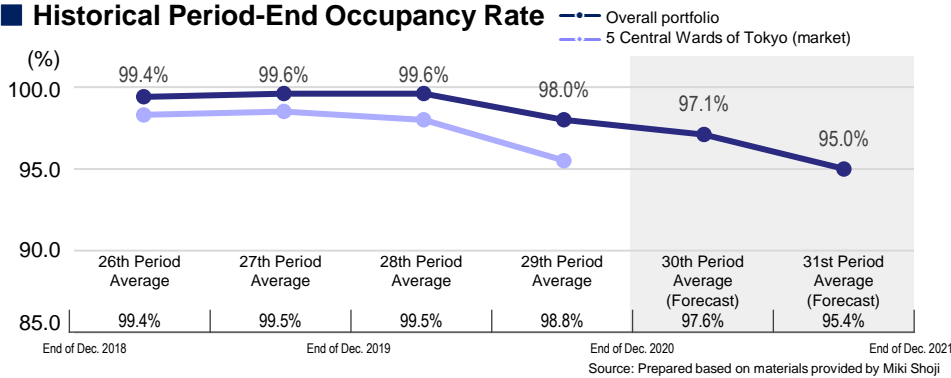
Operating 284 investment real estate, primarily office buildings, across Japan

# 2. Internal Growth

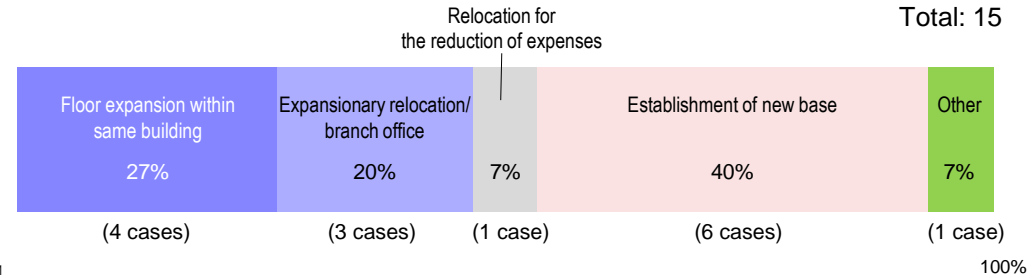
## (1) Status of Rent ① (Departure and Lease-Up)

- ◆ Occupancy rate for the 29th Period was 98.0%, almost the same as the assumed rate
- ◆ Conservatively incorporated the extension of downtime and free-rent periods as well as tenant departure for the 30th Period and 31st Period

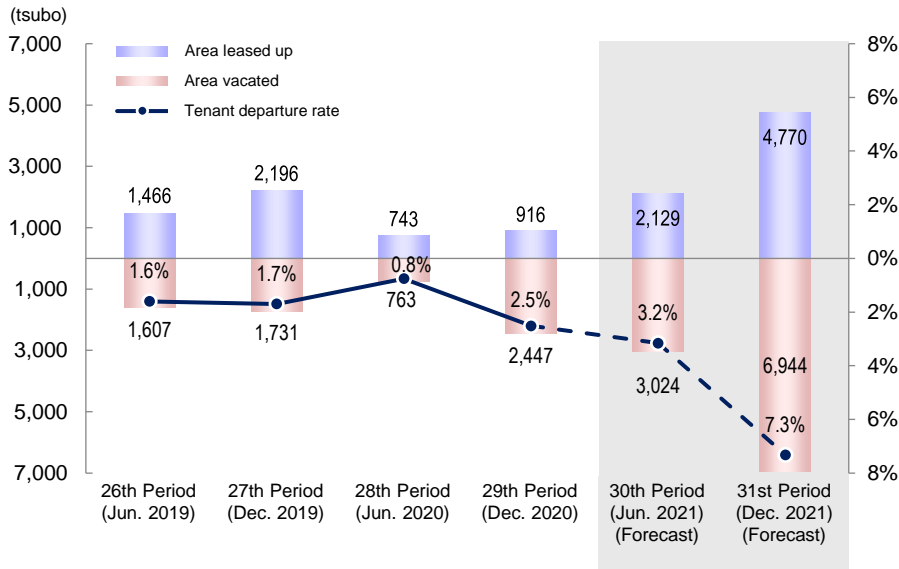
### Historical Period-End Occupancy Rate



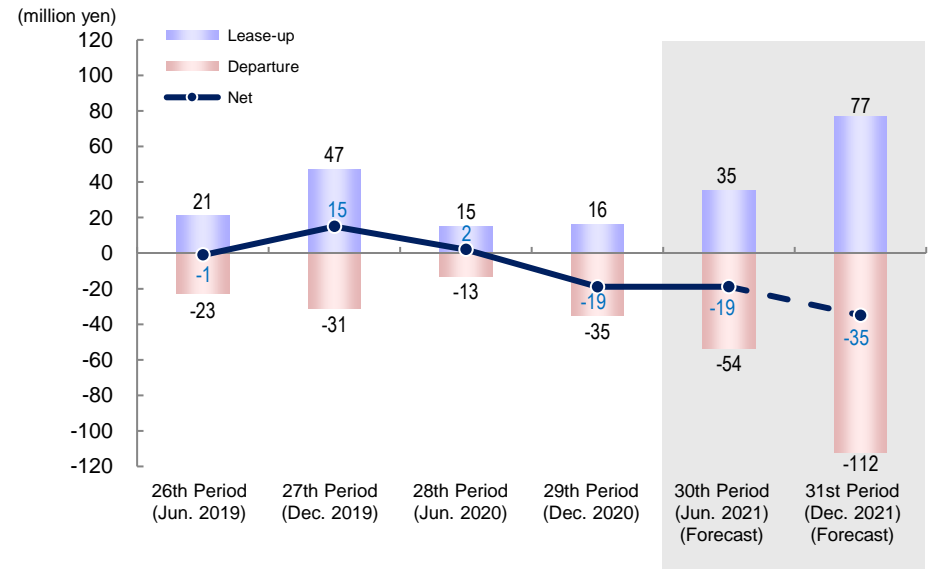
### Reasons for Lease-Up (Actual Reasons for the 29th Period)



### Tenant Departure Rate and Area Leased Up and Vacated\*



### Increase/Decrease in Rent Due to Departure and Lease-Up (Based on Monthly Rent)



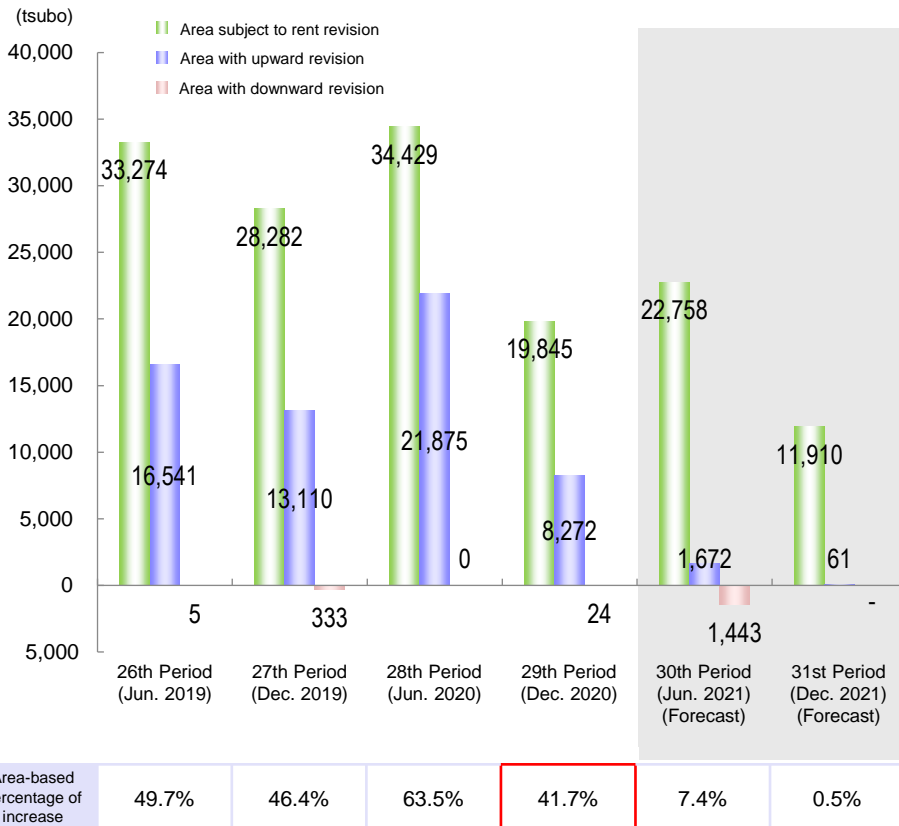
\* "Tenant Departure Rate" is calculated for the entire JEI portfolio as area vacated by tenants over the period as a percentage of total leased area as of the end of the previous period. In the case of additional acquisition during the period, tenant departure rate is calculated as area vacated by tenants over the period as a percentage of the sum of total leased area as of the end of the previous period and leased area of the additionally acquired property. In the case of a sale of a property during the period, leased area of the sold property is not subtracted from the total leased area as of the end of the previous period and thus the original formula (area vacated by tenants over the period as a percentage of total leased area as of the end of the previous period) applies.

## 2. Internal Growth

### (1) Status of Rent ② (Rent Revision)

- ◆ Realized rent increase in the 29th Period with an upward revision rate of 3.5% exceeding the plan for 41.7% of the area subject to revision
- ◆ Conservative plan narrowing down the target of rent increase as well as assuming a certain degree of downward rent revision in consideration of the leasing market environment for the 30th Period and 31st Period

#### ■ Change in Area Subject to Revision\*1\*2



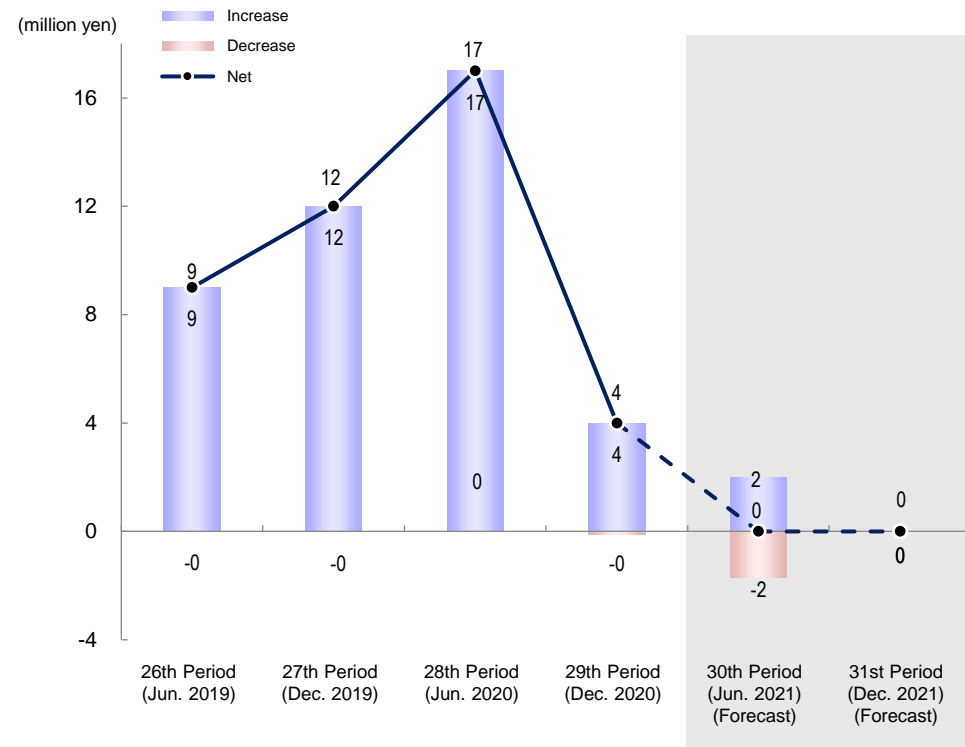
\*1 The figures do not include the data of those under fixed rent master lease agreements or of residences.

\*2 The figures exclude GRAND FRONT OSAKA.

\*3 Figures are average rent revision rate including contract renewal at the same rent and downward revision.

\*4 Rent reductions for a limited period due to the impact of the COVID-19 crisis are excluded.

#### ■ Increase/Decrease in Rent Due to Rent Revision (Based on Monthly Rent)\*1



Upward revision rate	4.0%	7.0%	5.3%	3.5%	6.2%	4.0%
Downward revision rate	2.8%	1.6%	—	50.0%	6.0%	—
Rent revision rate *2 *3	2.0%	3.0%	3.7%	1.3%	-0.1%	0.0%

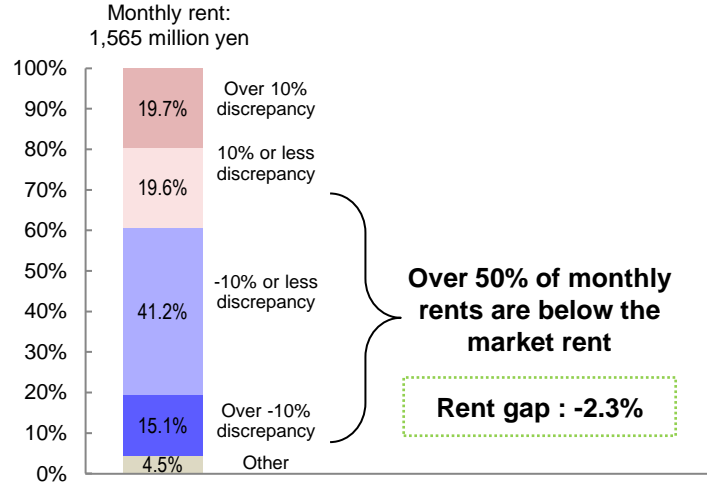


# 2. Internal Growth

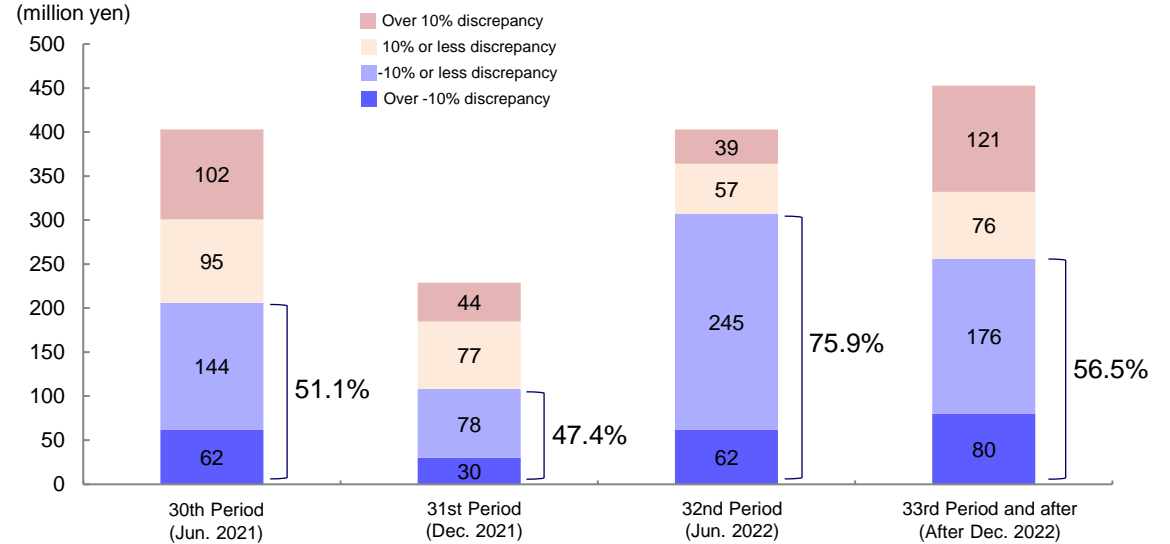
## (2) Status of Rent Gap

◆ More than 50% of existing contracts are below the market rent. The rent gap\*1 remains negative (-2.3%)

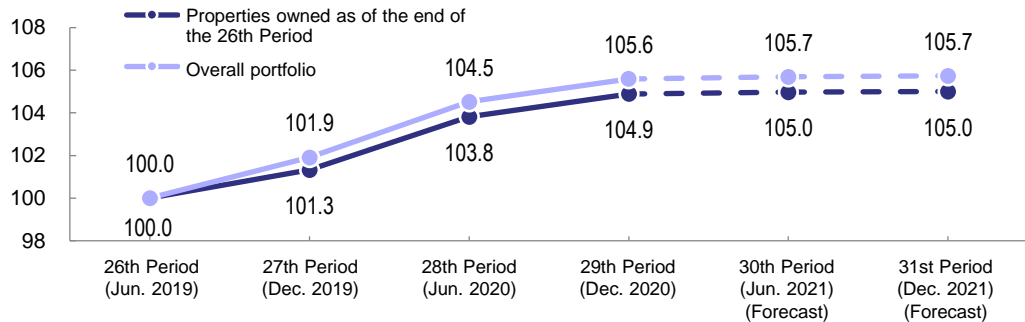
■ Status of Rent Gap (As of the End of the 29th Period)\*2



■ Monthly Rent by Renewal Period\*2\*3



■ Historical Rent Levels\*2\*3\*4



- ◆ Unit rents steadily increased until the 29th Period due to upward rent revision and rent increase upon tenant replacement
- ◆ Assume that the units rents from the 30th Period will remain at the same level due to the change in market environment

\*1 Rent gap is calculated by using average contracted rents and expected contracted rents assessed by the asset management company (market rent). The rent gap calculated based on new rent level assessed by CBRE is -10.4%.

\*2 Calculated by excluding GRAND FRONT OSAKA.

\*3 Calculated by excluding residences.

\*4 Indexed with the average unit rent at the end of the 26th period set as 100. The average unit rent is the weighted average by leased office area. Properties owned at the end of the 26th Period are properties continuously owned since the end of the 26th Period among those owned at the end of the 29th Period.

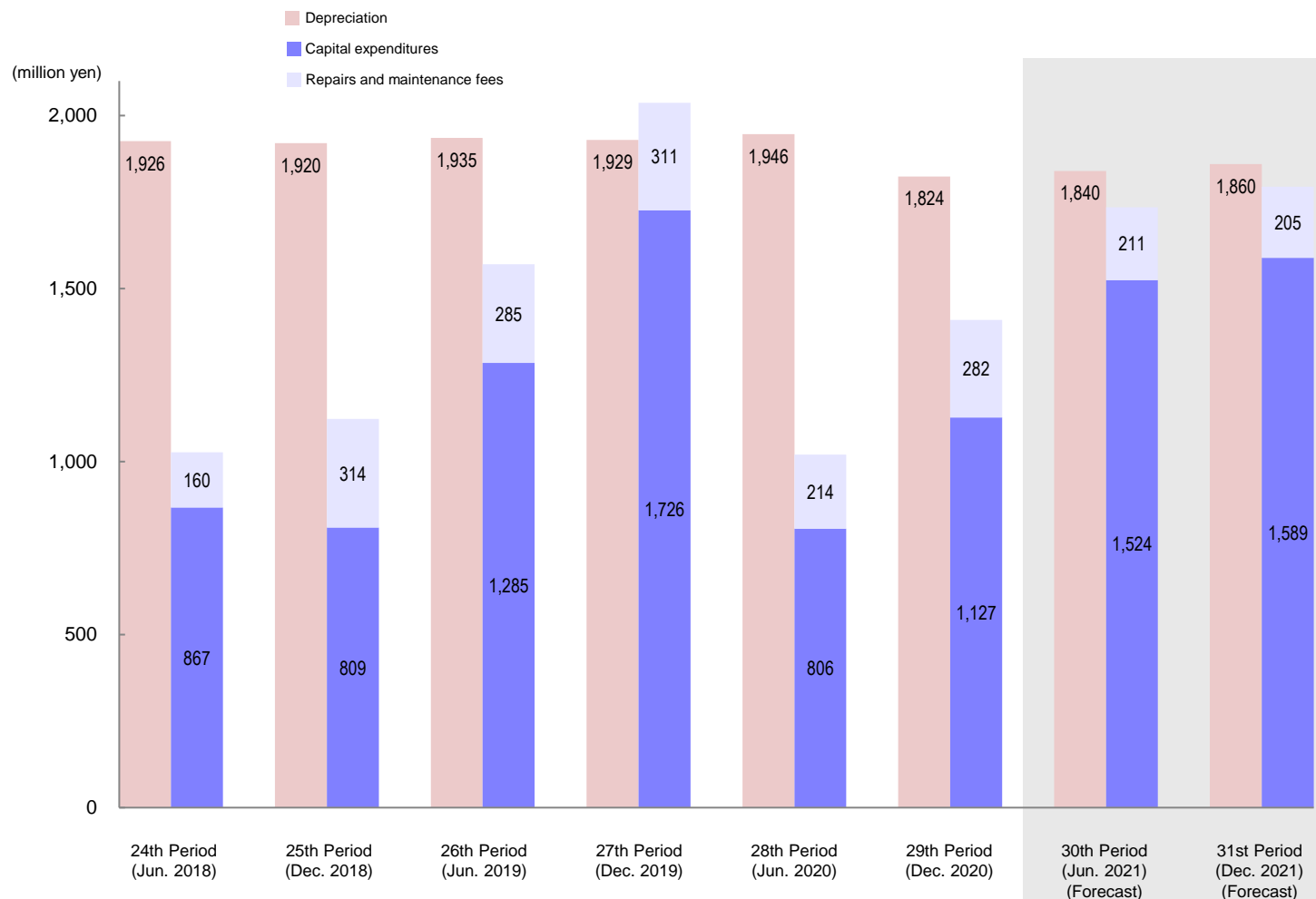


## 2. Internal Growth

### (3) Construction Results

- ◆ Maintained and improved the value of assets by systematically conducting repairs and renewal upon discerning operation status and competitiveness from a medium- to long-term perspective.
- ◆ Also systematically conducting large-scale renovations due to aging.

#### ■ History of Capital Expenditures, Repairs and Maintenance Fees, and Depreciation



#### Large-scale renovations due to aging (planned) (30th Period, 31st Period)

##### [Kowa Kawasaki Higashiguchi Building]

- Renewal of air-conditioning: 163 million yen
- Renovation work for toilets: 138 million yen
- Elevator renewal: 77 million yen
- Conversion to LED lighting: 58 million yen

##### [Kowa Kawasaki Nishiguchi Building]

- Renewal of air-conditioning: 234 million yen

##### [Kowa Shirokanedai Building]

- Renewal of air-conditioning: 185 million yen

##### [SE Sapporo Building]

- Renovation of multistory parking space: 74 million yen
- Upgrading of power-receiving and transforming facilities: 54 million yen

# 3. Financial Strategy

## (1) Performance of Financing Activities

◆ Implemented the first borrowing through sustainability loan for a J-REIT as well as issued the 2nd Green Bond under advantageous conditions

### ■ Repayment and Procurement in the 29th Period

#### ◇ Sustainability Loan (2 billion yen, 2 years, September 30, 2020)

Conducted the first sustainability loan evolved from green finance for a J-REIT

#### ◇ 2nd JEI Green Bond (5 billion yen, 15 years, October 29, 2020)

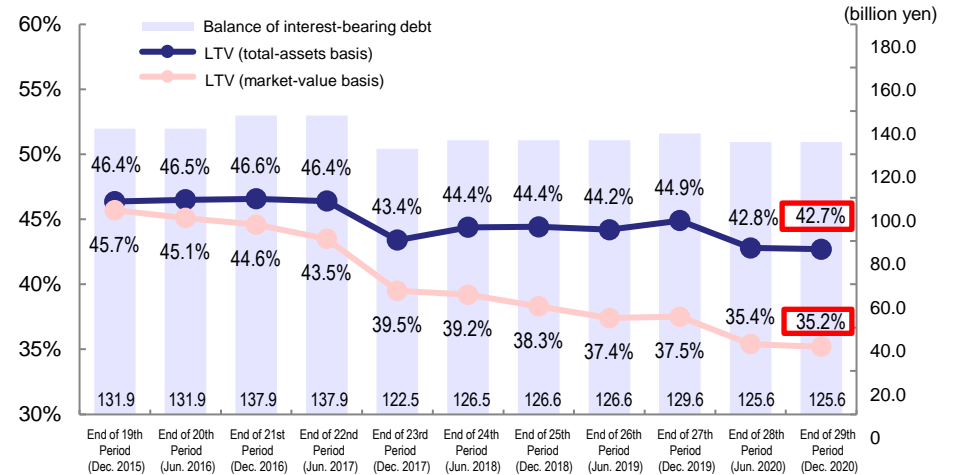
Refinanced short-term borrowings through timely target deals and procured funds under advantageous issuance conditions (largest lot as a 15-year bond among J-REITs)

#### <Balance of Sustainability Finance>

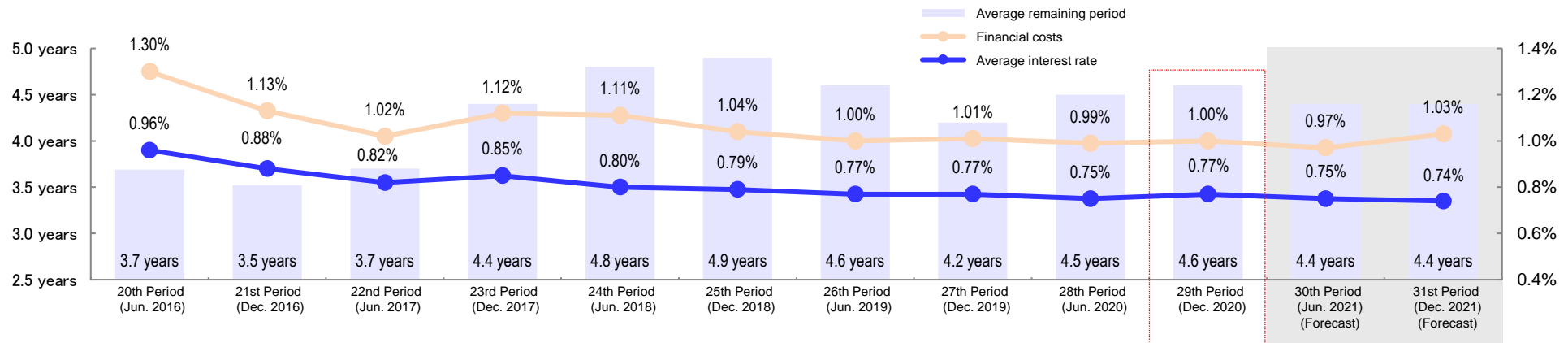
	Amount	Term	Interest rate
1st JEI Green Bond	4 billion yen	10 years	0.63%
2nd JEI Green Bond	5 billion yen	15 years	0.75%
Sustainability loan	2 billion yen	2 years	Floating

Ratio of sustainability finance  
**8.8%**  
(top class among J-REITs)

### ■ Historical Balance of Interest-Bearing Debt, LTV on a Total-Assets Basis, and LTV on a Market-Value Basis



### ■ Historical Average Remaining Period of Interest-Bearing Debt, Financial Costs\*, and Average Interest Rate of Interest-Bearing Debt



\* "Financial costs"

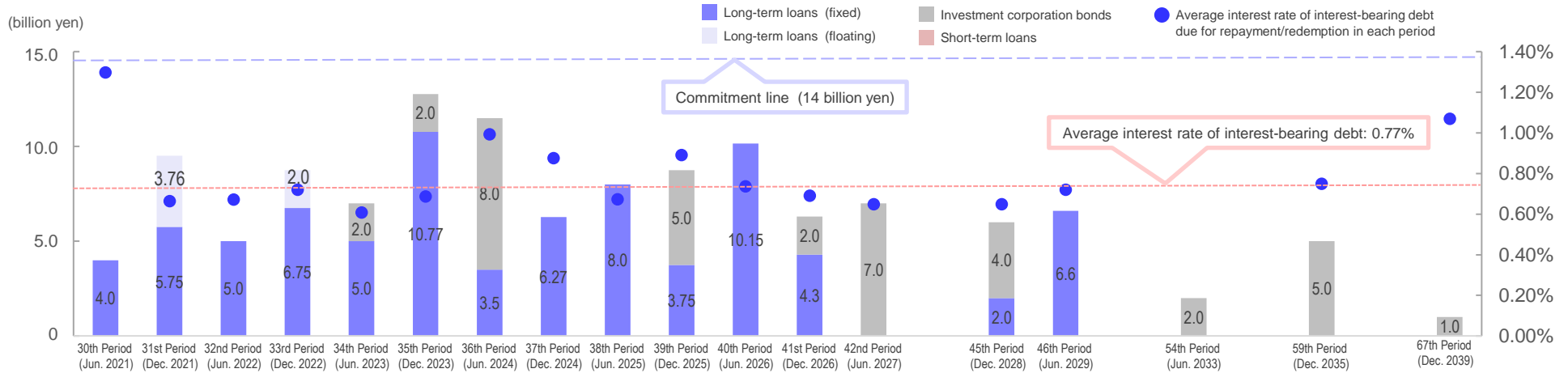
= (Interest expense + loan-related fees + interest expense on investment corporation bonds + amortization of investment corporation bond issuance costs) / average remaining interest-bearing debt during the period.

# 3. Financial Strategy

## (2) Status of Financial Management

◆ Accumulated internal reserve by utilizing gain on sale while promoting fixed interest rates, extended remaining period of interest-bearing debt, diversified repayment dates

### ■ Repayment Amount in Each Period and Average Interest Rate of Interest-Bearing Debt (As of the End of the 29th Period)



### ■ Historical Major Financial Data

	25th Period End (Dec. 2018)	26th Period End (Jun. 2019)	27th Period End (Dec. 2019)	28th Period End (Jun. 2020)	29th Period End (Dec. 2020)	Difference
Balance of interest-bearing debt	126.6 billion yen	126.6 billion yen	129.6 billion yen	125.6 billion yen	125.6 billion yen	-
LTV (total assets basis)	44.4%	44.2%	44.9%	42.8%	42.7%	-0.1pt
LTV (market value basis)	38.3%	37.4%	37.5%	35.4%	35.2%	-0.2pt
Average remaining period of interest-bearing debt	4.9 years	4.6 years	4.2 years	4.5 years	4.6 years	+0.1 years
Financial costs	1.04%	1.00%	1.01%	0.99%	1.00%	+0.01pt
Average interest rate of interest-bearing debt	0.79%	0.77%	0.77%	0.75%	0.77%	+0.02pt
Ratio of fixed interest rate	93.9%	89.9%	88.6%	91.4%	95.4%	+4.0pt

### ■ Rating

Rating agency	Rating (outlook)
Japan Credit Rating Agency (JCR)	Long-term issuer rating: AA- (stable)
Moody's Japan	Issuer rating: A3 (stable)

### ■ Balance of Reserve for Reduction Entry

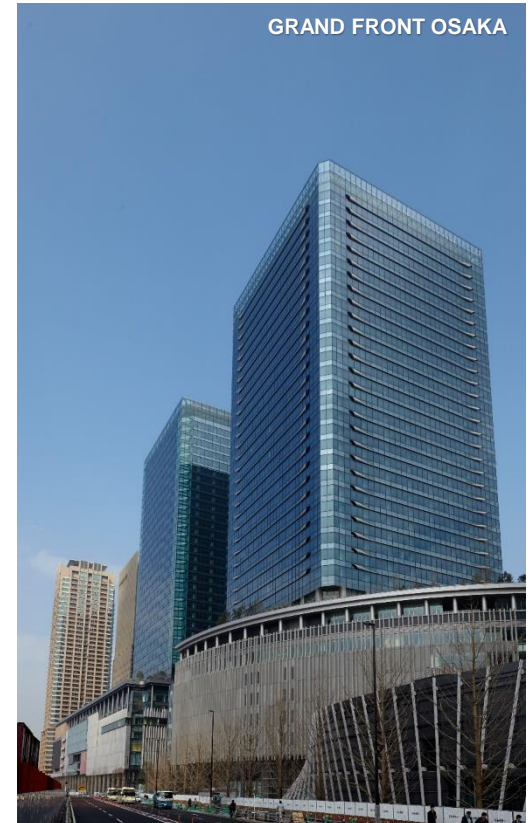
28th Period End	219 million yen
29th Period End	451 million yen

Memo



## IV. Future Initiatives

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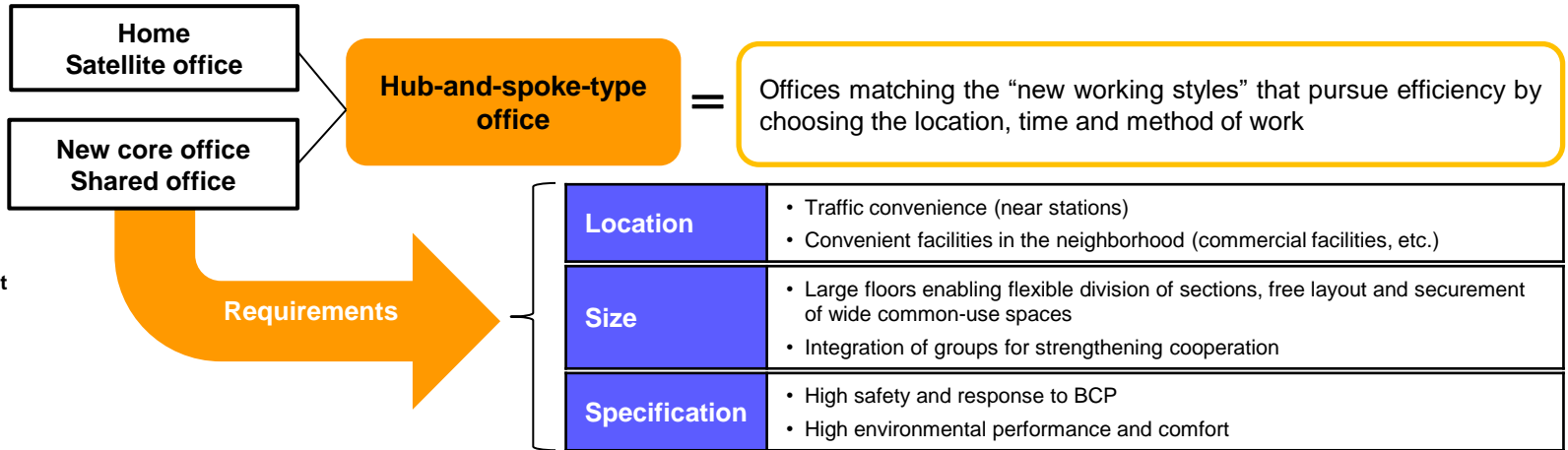


## «Requirements for Offices in the Post-COVID Era»

Utilization of remote work

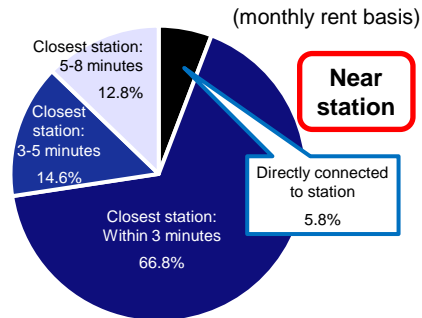
Review of functions and significance

- Communication
- Collaboration
- Human resources development and recruitment
- Corporate culture



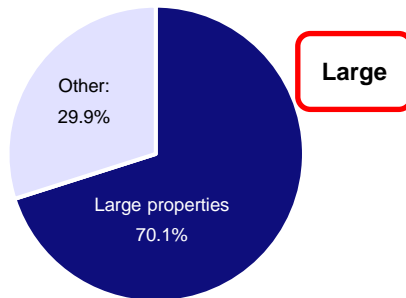
## <Characteristics of Portfolio and Customers of JEI>

■ Walking Distance from Closest Station (monthly rent basis) ■ Property Size (Area basis)\*1



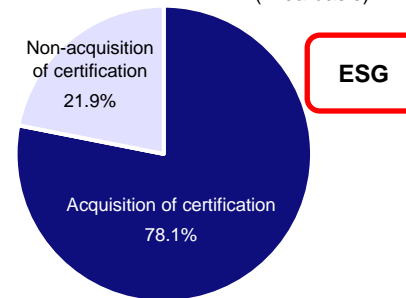
Approximately 72% are directly connected to or located within a 3-minute walk of the closest station  
Approximately 87% are located within a 5-minute walk of the closest station

■ Property Size (Area basis)\*1



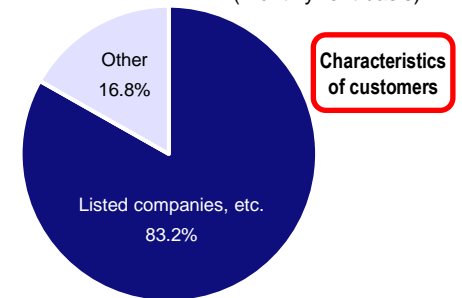
Consisting mainly of large properties

■ Green Building Certification (Area basis)\*2



Also steadily conducted initiatives for BCP and environmental certification

■ Characteristics of Customers (monthly rent basis)



Mainly end tenants with firm management and financial bases

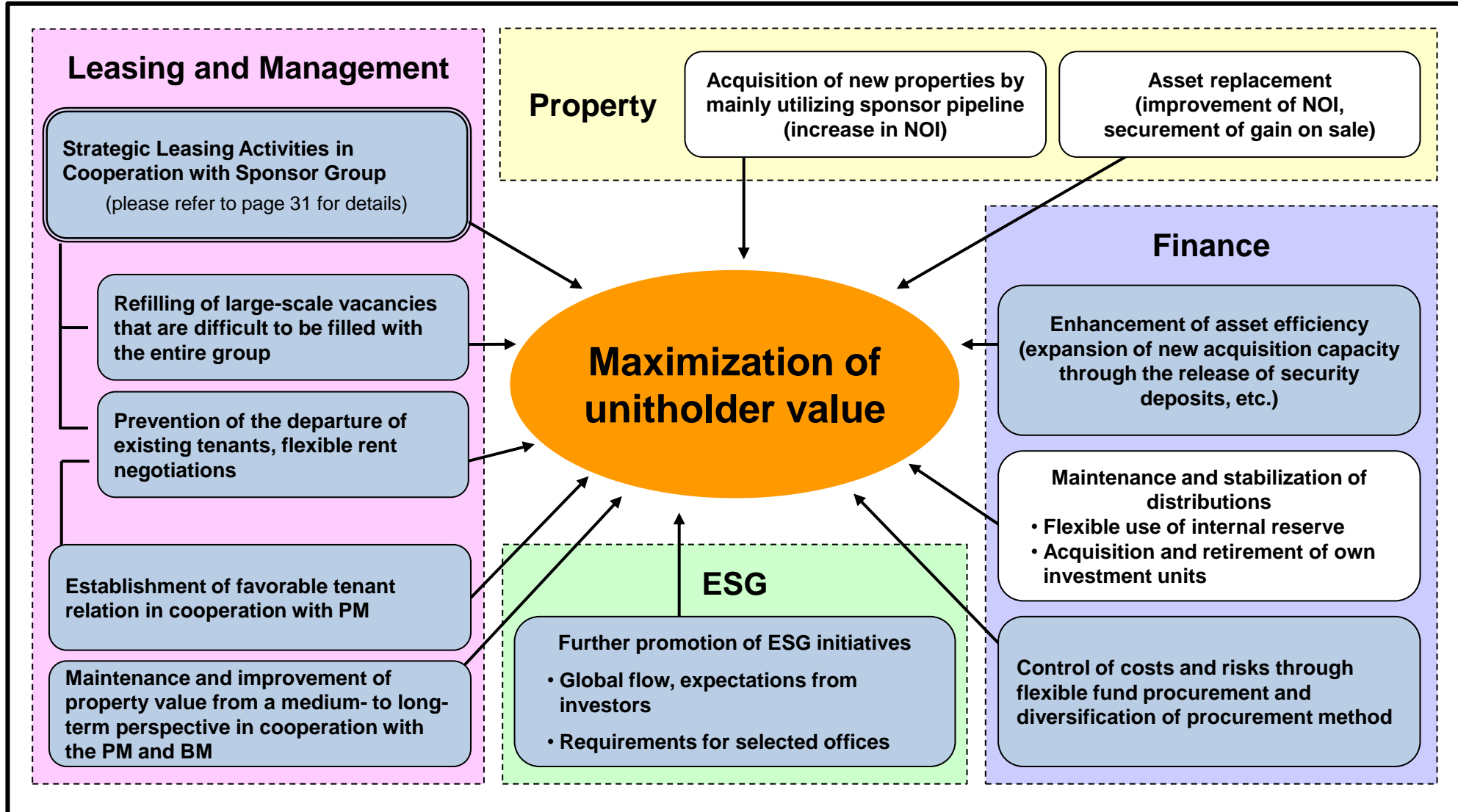
⇒ Aim to become “selected offices” as new core offices based on the characteristics of the portfolio and customers

\*1 Please refer to notes on p. 39 for definitions of the figures above.

\*2 Please refer to notes on p. 45 for definitions of the figures above.

## 2. Corporate Action

- ◆ Focus on the maximization of unitholder value by immediately responding to the changes in environment and needs and considering and implementing various measures as AM



## ● Proposal-based leasing activities responding to the change in office needs (provision of added value)

### <Proposal of new office layout/design eyeing With/Post-COVID>

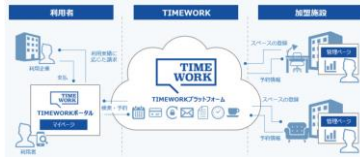
- Support smooth transition of “new working styles” through the development of an office environment in which employees can work safely and securely and the spread of remote work by reallocating spatial resources of offices and utilizing the functions of core sponsors providing specific office layout and design

### <Proposal of shared office services in a set>

- Support the establishment of hub-and-spoke-type offices through the proposal of “TIMEWORK \*1,” a shared office service provided by core sponsors, in a set

\*1 Three companies namely Tokyo Tatemono, Nippon Tochi-Tatemono and Nippon Steel Kowa Real Estate started providing the service from November 2019. A space sharing service enabling companies using (users of) “TIMEWORK” to freely use the facilities of business operators that are developing shared offices and have registered their shared offices in “TIMEWORK.”

<Overview of “TIMEWORK”> (Source: Press release of Nippon Steel Kowa Real Estate)



<Image of allocation of spatial resources of offices>  
Reallocate spatial resources (area) of offices in line with the direction of change in workstyle

人	空間	設備	サービス
個人	デスク	椅子	照明
チーム	会議室	ホワイトボード	印刷機
会社	共有スペース	受付	清掃

### <Proposal of incubation offices in a set>

- Provide office functions corresponding to various workstyles in the with-COVID era through the proposal of “SPROUND \*2,” an incubated office provided by core sponsors, in a set

\*2 Nippon Steel Kowa Real Estate opened “Shinagawa Intercity (Building A 22F)” in September 2020 as a joint business with DNXVentures. Provide office spaces and facilities corresponding to diversified workstyles in the with-COVID era by utilizing the know-how of U.S.-based Knotellnc, which is the business partner engaged in operation of flexible workspaces. Also support the growth of startups at the seed stage and creation of new businesses by providing contents such as the support of interaction among companies occupying the building and holding of events.

<Overview of “SPROUND”> (Source: Press release of Nippon Steel Kowa Real Estate)



⇒ Promotion of proposal-based leasing activities with a set of consulting and shared office services in line with the “new way of offices” by utilizing the sponsor group’s resources



## 4. ESG Related

### (1) Current Initiatives (Overview)

#### Real Estate Management

① **Acquired Green Building Certification for a total of 19 properties (78.1%)**

As of the end of December 2020 (area basis)

② **Started using electricity produced from renewable energy**

To make CO<sub>2</sub> emission from electricity consumption at Nisseki Yokohama Building zero in January 2021

#### Finance

③ **Sustainability Finance**

September 2020, First introduction for a J-REIT  
Evolved system adding sociality to green loans

④ **Issued the first ultra long-term green bond (15 years)**

Issued in October 2020  
Issued the second green bond through target deal

#### Entire ESG

⑤ **Signing Up to PRI**

Aim to better fulfill fiduciary responsibility by integrating ESG factors into investment decision-making processes through enhancement of long-term investment performance

⑥ **Establishment and Disclosure of Materiality**

Aim to contribute to SDGs and realize medium- to long-term growth of JEI

⑦ **Issuance of ESG Report**

Compiled the initiatives and policies on ESG consideration of JEI and the Asset Management Company

#### External Assessment

⑧ **GRESB Real Estate Assessment**

Received “Green Star” and the top rating of “5 Star”

⑨ **MSCI ESG Rating “A”**

Rating was upgraded from “BBB” to “A”  
(Upgraded for two consecutive years)

# 4. ESG Related

## (2) Current Initiatives (Individual Measures (1))

- ◆ Japan Excellent, Inc. ("JEI") and Japan Excellent Asset Management Co., Ltd. aim to realize a sustainable society under corporate social responsibility, and focus on the reduction of environmental burden and cooperation/collaboration with stakeholders
- ◆ In addition, we recognize ESG initiatives as the most important issue in management and plan to implement them in a forward-looking manner

### ① Acquisition of Green Building Certification (March 2020)

#### ◆ Acquired DBJ Green Building Certification for 7 Properties

##### 7 properties newly acquired DBJ Green Building Certification

As a result, the percentage of certified properties (area basis) increased from 60.0% at the end of December 2019 to present **78.1%** at the end of December 2020, and the percentage also increased from 36.4% to **55.9%** when based on the number of properties.

(Properties that acquired certification this time)

3-Star: "BIZCOREAKASAKA-MITSUKE" and "SE Sapporo Building"

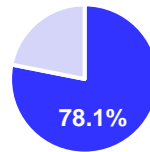
2-Star: "Daiba Garden City Building", "Kawasaki Nisshincho Building" and "JEI Kyobashi Building"

1-Star: "JEI Hamamatsucho Building" and "Core City Tachikawa"

#### ◆ Newly Acquired Building-Housing Energy-Efficiency Labeling System (BELS) Evaluation

**Nisseki Yokohama Building acquired "2-Star" (April 2020)**

Percentage of certification



### ② Electricity produced from renewable energy

#### Start of use of 100% renewable energy (Nisseki Yokohama Building) (January 2021)

- ◆ To make CO<sub>2</sub> emission from electricity consumption at Nisseki Yokohama Building zero by starting to use only electricity produced from renewable energy



### ③ Execution of Sustainability Finance (September 2020)

#### ◆ Sustainability Finance Framework

Conducted sustainability finance evolved from green finance



Name	Sustainability Loan (complying with the Sustainability Bond Principles, etc.)	Total amount of borrowings	2 billion yen
Feature	First for a J-REIT	Term	2 years
Date of conclusion of contract	August 20, 2020	Interest rate	1-month Tibor + 0.2%
Appraisal organization	Japan Credit Rating Agency (JCR)		

### ④ Issued the 2nd Green Bond (October 2020)

- ◆ Issued the 2nd JEI Green Bond which is the first ultra long-term green bond



Name	16th Series Unsecured Investment Corporation Bond (2nd JEI Green Bond)	Amount of issuance	5 billion yen
		Term	15 years
Payment date	October 29, 2020	Interest rate	0.75%

- ◆ The ratio of green sustainability finance to interest-bearing debt (8.8%) was the highest among J-REITs

# 4. ESG Related

## (2) Current Initiatives (Individual Measures (2))

### ⑤ Establishment and Disclosure of Materiality (October 2020)

◆ Aim to contribute to SDGs and realize medium-to long-term growth of JEI through the establishment of and response to materiality (important issues)

Field	Materiality	Details of initiatives	Risk	Opportunity	Related goals of SDGs
E (Environment)	Promotion of measures against climate change through the reduction of environmental burden, etc.	<ul style="list-style-type: none"> <li>Reduction of the emission of CO<sub>2</sub>, water and waste</li> </ul>	<ul style="list-style-type: none"> <li>Personal and physical damage due to the increase in abnormal weather caused by global warming</li> <li>Relative deterioration of the performance of owned properties due to the enhancement of policy and legal regulations and the development of energy-saving technology</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of management costs through the improvement of environmental performance of owned properties, and improvement of evaluation by tenants and investors with high environmental awareness</li> </ul>	
	Acquisition of environmental certification	<ul style="list-style-type: none"> <li>Improvement of the acquisition and coverage ratio of environmental certification</li> </ul>	<ul style="list-style-type: none"> <li>Decline in evaluation by tenants and investors making evaluations based mainly on environmental certification</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of tenant demand due to the improvement of environmental performance of owned properties</li> <li>Expansion of investor base</li> </ul>	
	Cooperation with tenants regarding environmental consideration	<ul style="list-style-type: none"> <li>Expansion of the conclusion of green lease agreements</li> </ul>	<ul style="list-style-type: none"> <li>Decline in tenant satisfaction</li> <li>Increase in energy-related expenses</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of tenant evaluation</li> <li>Reduction of energy-related expenses</li> </ul>	
S (Society)	Improvement of job satisfaction/wellness of employees, capacity development	<ul style="list-style-type: none"> <li>Conducted employee satisfaction survey as well as considered and conducted measures for the improvement of satisfaction</li> <li>Conducted training by class</li> <li>Opinion box for employees, anonymous consultation service counter</li> </ul>	<ul style="list-style-type: none"> <li>Decline in management capability due to the qualitative decline of employees</li> <li>Exodus of talented personnel</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of management capability through the improvement of the skills of employees</li> <li>Stabilization of businesses through the securement of talented personnel</li> </ul>	
	Improvement of tenant satisfaction	<ul style="list-style-type: none"> <li>Conducted tenant satisfaction survey as well as considered and conducted measures for the improvement of satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Departure due to the decline in tenant satisfaction, decrease in rental revenue</li> </ul>	<ul style="list-style-type: none"> <li>Increase in rental revenue with the decline in tenant departure</li> </ul>	
	Contribution to local communities	<ul style="list-style-type: none"> <li>Ownership of buildings contributing to the resolution of issues in local communities (Example: disaster prevention, medical care, childcare support, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Decline in credibility due to the deterioration of relationship with local communities</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of the competitiveness of properties through improvement of regional values</li> </ul>	
G (Governance)	Firm governance system	<ul style="list-style-type: none"> <li>Deciding measures regarding sustainability at in-house meetings, and following initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Decline in evaluation and credibility by investors</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of evaluation and credibility by investors of sound management systems</li> </ul>	
	Enhancement of information disclosure to investors	<ul style="list-style-type: none"> <li>Further enhancement of information disclosure through the preparation of ESG Report, etc.</li> <li>Improvement of external evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Decline in evaluation by investors focused on sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of evaluation by investors through wide recognition of initiatives and improvement of external evaluations</li> <li>Expansion of investor base</li> </ul>	

## 4. ESG Related

### (2) Current Initiatives (Individual Measures (3))

#### ⑥ Signing the Principles for Responsible Investment (PRI) (June 2020)



Asset Management Company of JEI Signed PRI

Japan Excellent Asset Management aims to integrate ESG factors into investment decision-making processes in pursuit of enhancement of the long-term investment performance of beneficiaries and better fulfill fiduciary responsibilities.

#### ⑦ Issuance of ESG Report (November 2020)

- ◆ Issued the ESG Report which will help stakeholders understand various initiatives and policies on ESG consideration of Japan Excellent, Inc. ("JEI") and Japan Excellent Asset Management Co., Ltd.



#### ⑧ 2020 GRESB Real Estate Assessment Received "Green Star" and "5 Star" (November 2020)



- ◆ Acquired "Green Star" for sixth consecutive year in the 2020 GRESB Real Estate Assessment and the highest rating of "5 Star" in "GRESB Rating", a five-grade evaluation system based on comprehensive scores.

#### ⑨ MSCI ESG Rating Upgraded from "BBB" to "A" (July 2020)



MSCI ESG Rating, the selection criteria for MSCI Japan ESG Select Leaders Index, was upgraded for second consecutive year

## Reference Materials – Features of Japan Excellent Inc.

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## Sponsor companies with strong capabilities in property supply, management, and leasing

Robust property pipeline supported by excellent sponsors



**Japan Excellent, Inc.**  
Japan Excellent Asset Management Co., Ltd.



Continuous expansion of the asset size through the provision of property acquisition opportunities

Strengthening and stabilization of profitability and enhancement of property competitiveness with strong property management and leasing capabilities

Stable and flexible fund procurement

### Core Sponsors



Nippon Steel  
Kowa Real  
Estate

#### Nippon Steel Kowa Real Estate Co., Ltd.

Established through the integration of Nippon Steel City Produce and Kowa Real Estate, a real estate company with balanced operation of its office building business centering on central Tokyo and its residential business.

Property

Brokerage

Personnel

Management

By your side, for life

DAI-ICHI LIFE

#### The Dai-ichi Life Insurance Company, Limited

One of Japan's top-class life insurance companies. As of March 31, 2020, manages 284 office buildings and other investment properties nationwide.

Property

Loans

Personnel

**MIZUHO**

Mizuho Bank, Ltd.

Loans

Personnel

**MIZUHO**

Mizuho Trust & Banking Co., Ltd.

Loans

Brokerage

Personnel

**DAI-ICHI BUILDING**

The Dai-ichi Building Co., Ltd.

Brokerage

Personnel

Management

**SOHGO HOUSING**

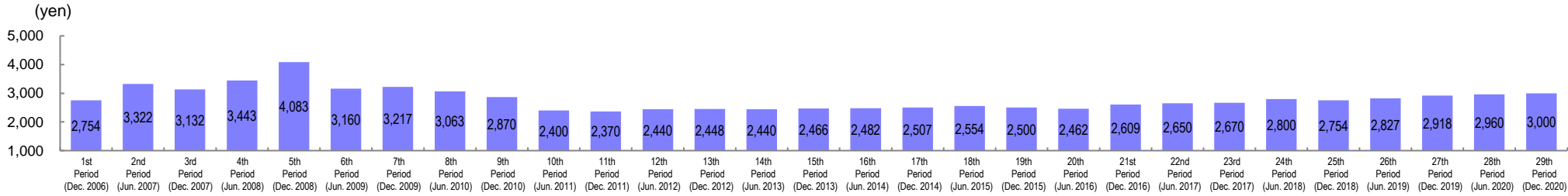
Sohgo Housing Co., Ltd.

Management

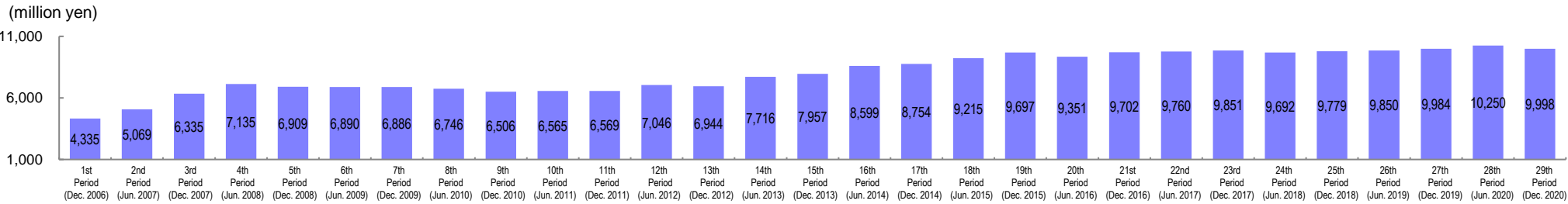
Achievements : **Property** Supply of properties **Loans** Loans **Brokerage** Brokerage for third-party properties **Personnel** Supply of personnel **Management** Management of JEI's properties

# 2. Track Record

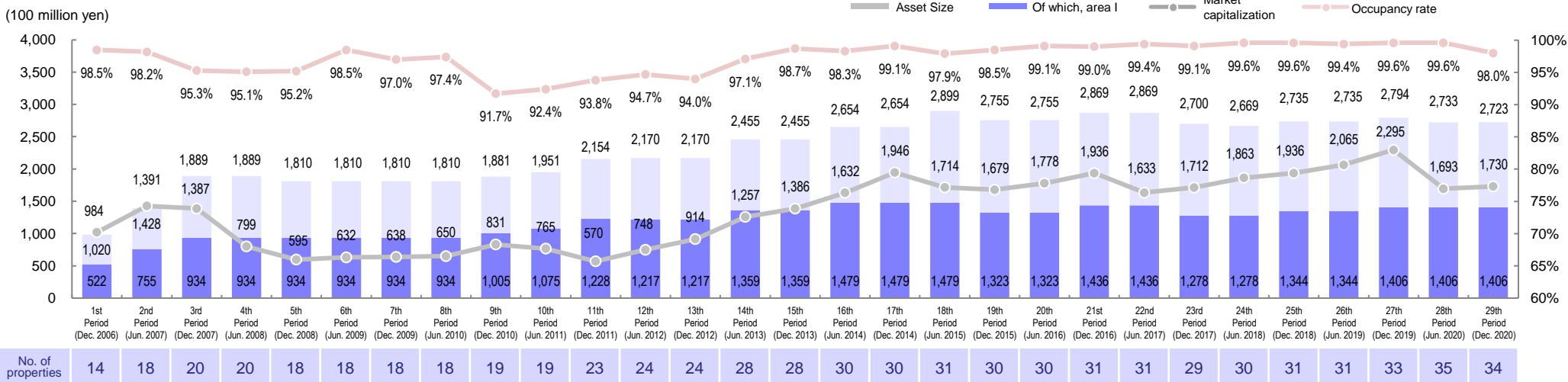
## Historical Distributions per Unit\*1



## Historical Rental Revenue



## Historical Asset Size, Market Capitalization\*2 and Occupancy Rate



\*1 JEI Implemented a 5-for-1 split of its investment units on January 1, 2014. Considering said split, Distributions per Unit from even before the 15th period are divided by 5. Figures are rounded down to the nearest whole number.

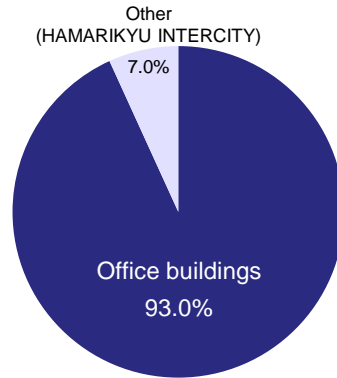
\*2 Market capitalization indicates the market capitalization as of the end of each fiscal period.

# 3. Portfolio (1)

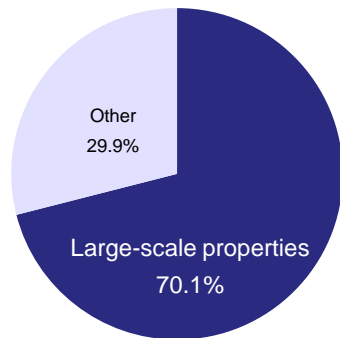
## Usage

(Investment Policy)

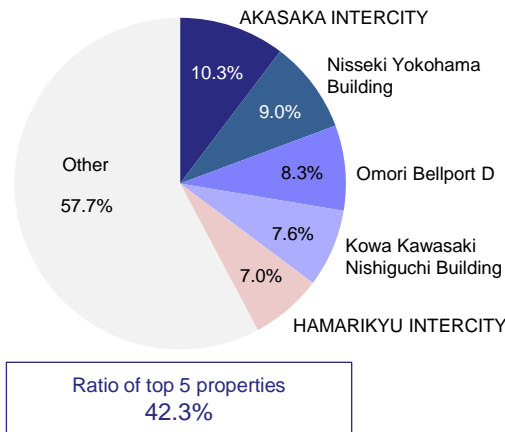
Usage <sup>*1</sup>	Investment ratio in portfolio <sup>*2</sup>
Office buildings	90% or more
Other	10% or less



## Large-Scale Properties<sup>\*3</sup>



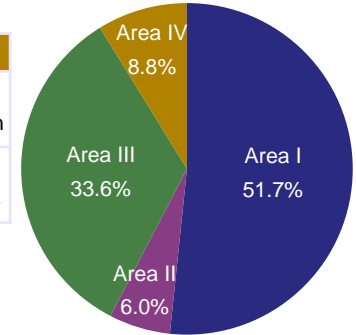
## Top 5 Properties



Ratio of top 5 properties 42.3%

## Area

Area	Area I	Area II	Area III	Area IV
Total acquisition price	140.6 billion yen	16.2 billion yen	91.6 billion yen	23.8 billion yen
Number of properties	12 properties	4 properties	10 properties	8 properties



Ratio of investment in the Tokyo<sup>\*4</sup> metropolitan area 85.3%

(Investment Policy)

Target investment areas		Investment ratio in portfolio <sup>*2</sup>
<b>Core areas</b>		<b>80% or more</b>
■ Area I	6 central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya)	50% or more of the core areas
■ Area II	Central Osaka (Umeda, Dojima, Nakanoshima, Yodoyabashi, Honmachi, etc.) Central Nagoya (Meieki, Fushimi, Sakae, etc.) Central Fukuoka (Tenjin, Hakata-ekimae, etc.)	50% or less of the core areas
■ Area III	Tokyo other than Area I, and its vicinity (Kanagawa, Saitama, and Chiba prefectures)	50% or less of the core areas
■ Area IV	Areas in Osaka, Nagoya and Fukuoka other than Area II and other government designated cities	20% or less

<sup>\*1</sup> Usage is determined based on the majority share of leasable area for each asset related to real estate. The total acquisition cost of the concerned asset related to real estate is incorporated into the acquisition price by said usage.

<sup>\*2</sup> This refers to the ratio of total acquisition cost of the asset related to real estate for each usage or area against the total acquisition cost of the overall portfolio.

<sup>\*3</sup> "Large-scale properties" refers to properties with total floor area of 10,000 tsubos or more for the 23 wards of Tokyo, and of 4,000 tsubos or more for areas other than the 23 wards of Tokyo.

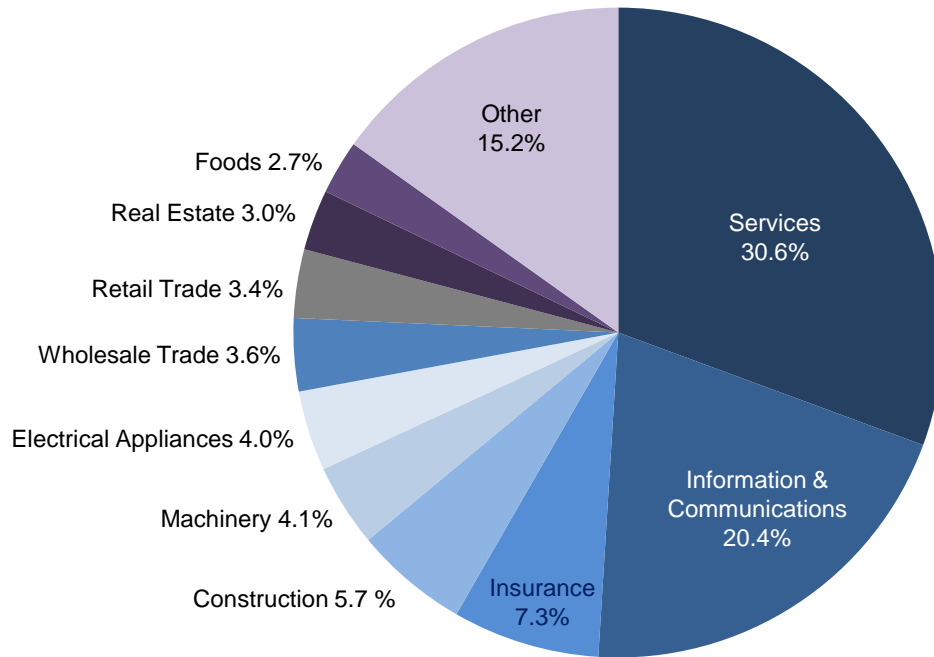
<sup>\*4</sup> "Tokyo metropolitan area" indicates Tokyo and its surrounding areas (Kanagawa, Saitama and Chiba prefectures) (Area I and Area III).

<sup>\*5</sup> The figures above are figures as of December 31, 2020. The ratio is rounded to the first decimal place based on the acquisition price.



### 3. Portfolio (2)

#### ■ Type of Industry of Tenants\*1



#### ■ Top 10 Tenants

End tenant name	Property Name	Total area leased (m <sup>2</sup> )	Floor area ratio (%)
Toshiba Information System (Japan) Corp.	Kowa Kawasaki Higashiguchi Building	18,612.72	5.7
National Mutual Insurance Federation of Agricultural Cooperatives	Kowa Kawasaki Nishiguchi Building	14,009.96	4.3
Hitachi Real Estate Partners, Ltd.	Omori Bellport D	10,449.47	3.2
	Yokohama Bentendori Dai-ichi Seimei Building		
	JEI Hiroshima Hacchobori Building		
	SE Sapporo Building		
Haseko Corporation	Shiba 2-Chome Building	9,284.18	2.9
*3	*3	8,968.71	2.8
*3	*3	8,372.71	2.6
*3	*3	6,572.84	2.0
*3	Nisseki Yokohama Building	5,663.41	1.7
Hitachi Zosen Corporation	Omori Bellport D	5,383.97	1.7
*3	HAMARIKYU INTERCITY	4,243.04	1.3
Total of top 10 end tenants		91,561.01	28.2
Total of portfolio overall		324,619.07	100.0

\*1 Asset management company categorized and created the above industry category along with "TOPIX 33 Sector Indices."

\*2 Ratio stated above is rounded to the first decimal place based on leasable area as of the end of the 29th Period.

\*3 End tenant names and property names are not disclosed as we have not obtained consent, etc. from tenants.

\*4 The figures above are as of the end of the 29th period.

### ● Sustainability Policy

Japan Excellent, Inc. ("JEI") and Japan Excellent Asset Management Co., Ltd. will work to reduce the environmental burden and cooperate/collaborate with stakeholders to achieve a sustainable society under their corporate social responsibility, while recognizing the importance of consideration for environmental, social, and governance (ESG) issues in the real estate investment management business.

#### ■ Reduction of Environmental Burden

##### ◆ Energy-Saving and Reduction of CO<sub>2</sub> Emissions

JEI will contribute to energy-saving and reduction of CO<sub>2</sub> emissions by improving operations to increase energy efficiency, promoting introduction of energy-saving equipment, etc. at properties it operates.

##### ◆ Effective Utilization of Resources

JEI will work to contribute to the realization of a recycling-oriented society through initiatives for saving water and promotion of the 3Rs (reduce, reuse, recycle) for reducing waste.

#### ■ Cooperation/Collaboration with Stakeholders

##### ◆ Education/Enlightenment of Employees

JEI will work to cultivate environmentally conscious employees through education/enlightenment activities such as ESG training in order to promote initiatives for sustainability.

##### ◆ Collaboration with Outside Parties

JEI will work to facilitate exchange with local communities while working on reduction of environmental burden by collaborating with tenants and property management companies.

##### ◆ Information Disclosure

JEI will proactively disclose information on its sustainability policy and the status of such initiatives to unitholders, tenants, business partners and other related parties.

### ● Signing of PRI

Japan Excellent Asset Management signed the PRI in June 2020, signaling its agreement with the concept of integrating ESG factors into investment decision-making processes in pursuit of enhancement of the long-term investment performance of beneficiaries and better fulfillment of fiduciary responsibilities.

### ● Promotion System

JEI has set up a sustainability council consisting of key members including the president and division managers, establishing an in-house system for setting goals and monitoring the progress for each quarter.

## ■ Basic View

- ◆ JEI is convinced that capturing opportunities and possibilities in green buildings with high environmental performance such as energy/water efficiency and promotion of waste reduction will be of medium- to long-term benefit for JEI.

## ■ Target

- ◆ JEI has set a target to reduce energy and CO<sub>2</sub> intensity by an average of 1% per year, 5% from the average of 2015 to 2019 over 5 years from 2020 to 2024 as a medium- to long-term perspective.

## ■ Concrete Initiatives

- ◆ JEI regularly collects data on energy consumption, CO<sub>2</sub> emissions, water consumption and amount of waste and continuously monitors them.

- ◆ Grey water and rainwater are used for non-potable purposes at 7 properties.

- ◆ Using only electricity produced from “renewable energy” at Nisseki Yokohama Building.

- ◆ JEI has issued green bonds and taken out green loans/sustainability loans with an aim to promote ESG activities as well as expand fund procurement methods through proactive expansion of the investor base that is proactive in ESG investment.

### <Green Bonds >

JEI has obtained a second-party opinion from Sustainalytics, an ESG rating agency.



First for a J-REIT specializing in offices

### <Green Loans >

Acquired the comprehensive evaluation “Green 1,” the highest in regards to compatibility with “Green Loan Principles” from Japan Credit Rating Agency, Ltd.



First for a J-REIT

### <Sustainability Loans >

JEI acquired SU1, the highest overall evaluation, concerning eligibility to sustainability loan principles



First for a J-REIT

- ◆ At the timing of replacing lighting in common areas where energy and cost savings effects are confirmed, normal lighting is upgraded to LED to reduce energy consumption.

- ◆ When selecting property management companies, JEI monitors company's initiatives concerning sustainability and JEI Sustainability Policies are explained to ask for adherence in property management. Compliance with the policies is monitored through an annual survey.

## ■ Basic View

- ◆ JEI views as its important stakeholders its tenants, property managers, communities where its properties stand, society as whole, and employees at JEAM.

## ■ Concrete Initiatives

### Safety and Security Initiatives

Introduction of an earthquake damage assessment system (AKASAKA INTERCITY, Kowa Nishi-Shimbashi Building)  
 Establishment of emergency cabinets inside elevators  
 Storage of portable toilets, lanterns, etc. to provide to tenants in case of emergencies

### Eco-cap Campaign

Japan Excellent Asset Management carries out an activity to collect plastic bottle caps and give them to the NPO "Cap Bank Promotion Network." While promoting recycling of caps and reduction of CO<sub>2</sub> emissions, they also send vaccines to children in developing countries using the proceeds from the recycling of caps.

### Contribution to Local Communities

JEI supports the activities of communities by periodically holding concerts in the common spaces of office buildings and providing space for various events.

(postponed in 2020 due to the impact of the COVID-19 pandemic)

"Be My Flower Valentine  
 -Shared Garden of Wind and Green-"



AKASAKA INTERCITY AIR

Concerts



AKASAKA INTERCITY AIR



NHK Nagoya Housou-Center Building

### Employee Grievance Reporting/Escalation Procedures

Japan Excellent Asset Management has grievance adjustment process where anonymity is thoroughly secured.

For example, reporting on sexual harassing is handled by the compliance officer, the head of operation and planning division, and an external law office. All employees including even those who are not actually involved are allowed to report incidents, and in cases where reports are substantiated, such is reported to the CEO.

### Annual Survey on Employee Satisfaction

Once a year, Japan Excellent Asset Management conducts satisfaction surveys for all employees to monitor their satisfaction. The results of the surveys are utilized as feedback for senior management and the heads of each department, and action plans for those requiring improvement are designed and implemented.

### Supporting the Advancement of Female Employees

Japan Excellent Asset Management aims to create a working environment where each employee can utilize their personality and skills to the maximum extent and strives to develop a satisfying working environment for female employees by introducing a maternity leave system as well as enabling employees to work flexibly for a short time and to proactively take paid holidays.

## 4. ESG Initiatives (4) Governance

### ■ Same-Boat Investment by the Sponsors

The two core sponsors own 6.8% of JEI's investment units (as of the end of December 2020) and their interests are aligned with that of unitholders.

### ■ Preventing Conflict of Interest from Sponsor Formation

A management structure unaffected by a specified sponsor due to mutual supervision of the two core sponsors has been established.



### ■ Management Fee Structure

Management fees linked to revenue are introduced.

	Calculation method
Asset Management Fee I	<p>The amount of JEI's assets under management (every 3 months) multiplied by the following fee rates x (the actual number of days within the relevant calculation period / 365)</p> <p>Fee rates:</p> <ul style="list-style-type: none"> <li>• 0.25% (Assets under management: Portion up to ¥100 billion)</li> <li>• 0.15% (Assets under management: Portion over ¥100 billion up to ¥200 billion)</li> <li>• 0.05% (Assets under management: Portion over ¥200 billion)</li> </ul>
Asset Management Fee II	(The amount of ordinary income before deducting Management Fee II + the amount of depreciation) x 4.0%

### ■ JEI's Board of Directors

1 Executive Director  
(Also serving as president of the asset management company)



3 Supervisory Directors  
(Outside directors)

### ■ Decision-Making System Requiring Attendance of Compliance Officer (CO) and Outside Experts

Attendance and consensus of compliance officer and outside experts is required for resolution of proposals

Compliance Committee

**Involved in decision-making for transactions with related parties of JEI**

Attendance of compliance officer is required for resolution of proposals

Investment Committee

**Involved in decision-making for asset management, investment and financial matters of JEI**

# 4. ESG Initiatives (5) External Assessment

## ■ GRESB Real Estate Assessment\*1



Received “Green Star” for the sixth consecutive year in GRESB Real Estate Assessment conducted in 2020.

Received “5 Star” in “GRESB Rating,” a five-grade evaluation system based on comprehensive scores.

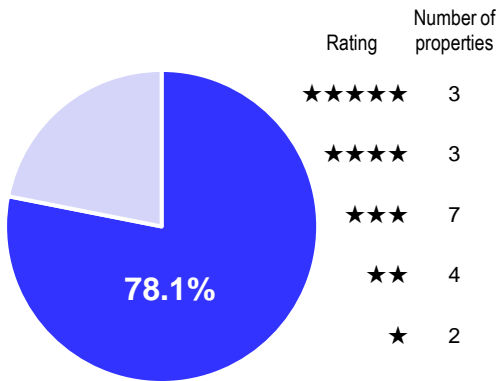
## ■ MSCI ESG Rating

Acquired rating of A Class in MSCI ESG Rating, the selection criteria for MSCI Japan ESG Select Leaders Index

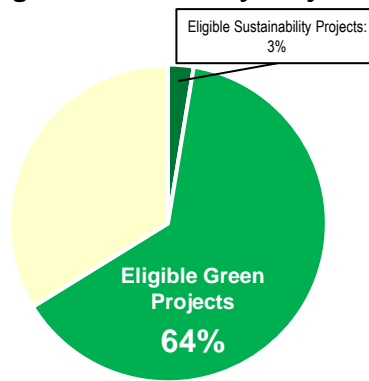


## ■ Green Building Certification

### ◆ DBJ Green Building Certification\*2



### ◆ Eligible Green Projects and Eligible Sustainability Projects\*3



### ◆ BELS Evaluation\*4



Nisseki Yokohama Building received a 2-star rating on April 20, 2020.

### ◆ CASBEE for Real Estate/Building\*5



Kowa Nishi-shimbashi Building and BIZCORE AKASAKA-MITSUKE have received Rank A

### ◆ CASBEE for Smart Wellness Office\*6



AKASAKA INTERCITY AIR has received Rank S to be the first certified property

### ◆ Office Implementing Excellent Specific Global Warming Countermeasures\*7

AKASAKA INTERCITY  
(certified as a Semi-Top-Level Office)

\*1 “Global Real Estate Sustainability Benchmark (GRESB)” is a benchmark established by European pension fund groups to measure real estate companies and management institutions’ consideration to sustainability and is used in cases such as when major European and Asian institutional investors select investment targets.

“Green Star” is given when a high evaluation with a score exceeding 50% is made in the two-evaluation axis (“Management & Policy” and “Implementation & Measurement”). “GRESB Rating” is a rating of the overall score according to the global ranking and “5 Star” is given to the top 20% of the participants.

\*2 The DBJ Green Building Certification System is a system established by Development Bank of Japan Inc. and is designed to promote real estate properties that demonstrate environmentally friendly building features, security measures, disaster prevention measures, and take into account societal demands from various stakeholders surrounding the properties. The figure in the pie chart indicates the percentage of certified properties based on leasable area. (as of December 31, 2020).

\*3 “Eligible Green Projects” are assets that have received one of the following certifications within the previous 2 years as of the payment date upon issuance of green bonds or are scheduled to receive such, and those selected by sustainability council of Japan Excellent Asset Management Co., Ltd. (1) DBJ Green Building Certification: 5, 4, or 3 stars; (2) CASBEE Certification: S, A, or B+ rank.

“Eligible Sustainability Projects” are assets that have received one of the above (1) or (2) within the previous 3 years of the payment date upon issuance of green bonds or are scheduled to receive such, and those selected by sustainability council of Japan Excellent Asset Management Co., Ltd. The figure in the pie chart indicates the percentage of eligible projects based on book value for the end of the 29th Period (as of December 31, 2020).

\*4 “Building-Housing Energy-efficiency Labeling System (BELS)” is a system started for the purpose of accurately evaluating and labelling energy conservation functions of non-residential buildings in response to the establishment of the Assessment Guideline of Indication of Energy Saving Capabilities of Non-residential Buildings (2013) in October 2013 by the Ministry of Land, Infrastructure, Transport and Tourism. The evaluations are conducted by a third-party organization based on the guidelines, and certifications are based on a five-scale system of one to five stars (★ to ★★★★★).

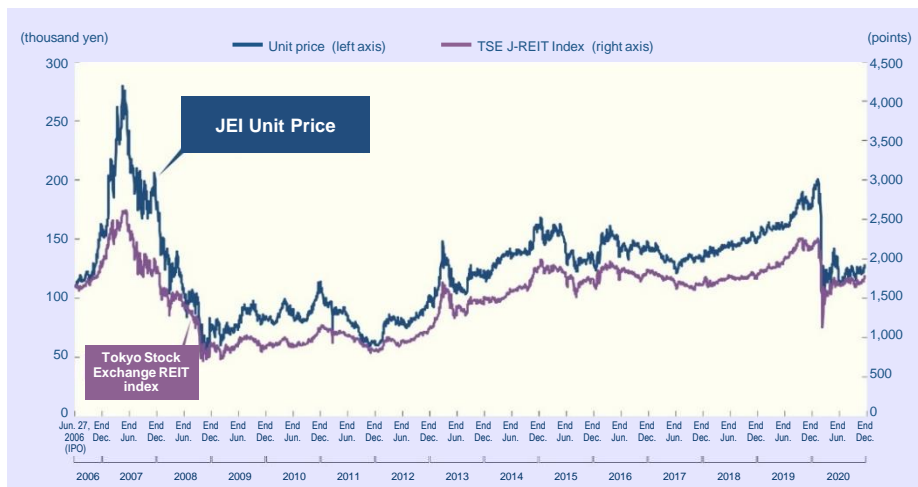
\*5 “CASBEE for real estate/building” is a system for appropriately identifying and evaluating properties with high environmental value that have high environmental performance and are well managed and is certified by Institute for Building Environment and Energy Conservation.

\*6 “CASBEE for Smart Wellness Office” is a tool launched in spring 2019 by Institute for Building Environment and Energy Conservation to evaluate building specifications, performance, and initiatives that support the maintenance and enhancement of building users’ health and comfort.

\*7 The Tokyo Metropolitan Government certifies offices with particularly advanced global warming countermeasures as “Office Taking Excellent Specific Global Warming Countermeasures.”

# 5. Structure of JEI / Overview of Japan Excellent Asset Management Co., Ltd.

## Unit Price and Tokyo Stock Exchange REIT Index



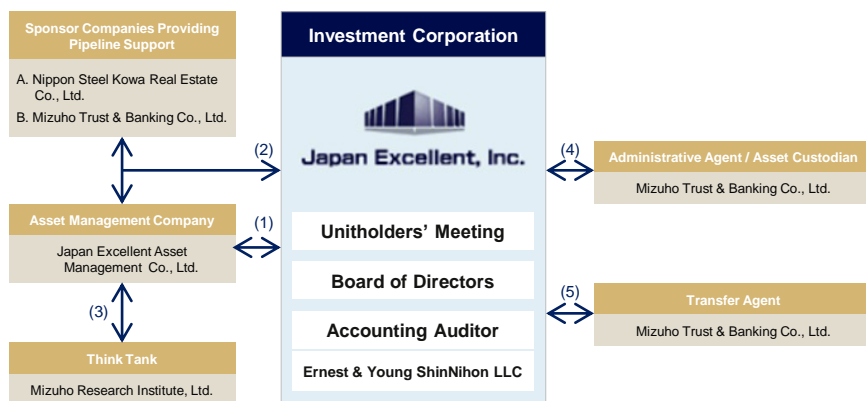
\*1 Unit prices for December 25, 2013 and earlier are divided by 5.

## Overview of Japan Excellent Asset Management

Headquarters	1-15-9 Minamiaoyama, Minato Ward, Tokyo	
Established	April 14, 2005	
Capital	450 million yen	
Shareholders*2	Nippon Steel Kowa Real Estate Co., Ltd.	54.0%
	The Dai-ichi Life Insurance Company, Limited	26.0%
	The Dai-ichi Building Co., Ltd.	5.0%
	Sohgo Housing Co., Ltd.	5.0%
	Mizuho Bank, Ltd.	5.0%
Business Operations	Mizuho Trust & Banking Co., Ltd.	5.0%
	Financial Instrument Dealer	

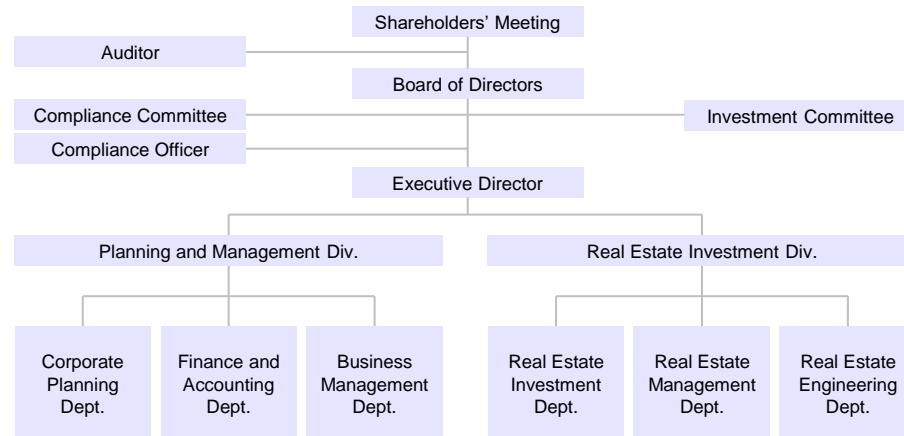
\*2 Percentages in the above table are percentages of total outstanding shares.

## Organization of JEI



- (1) Asset Management agreement
- (2) A. Pipeline support agreement with NIPPON STEEL KOWA REAL ESTATE  
B. Pipeline support agreement with Mizuho Trust & Banking
- (3) Agreement with Mizuho Research Institute to provide market and other information
- (4) Agreement to entrust administrative duties and asset custody
- (5) Agreement to entrust administration of unitholders' register

## Outline and Organization of JEAM



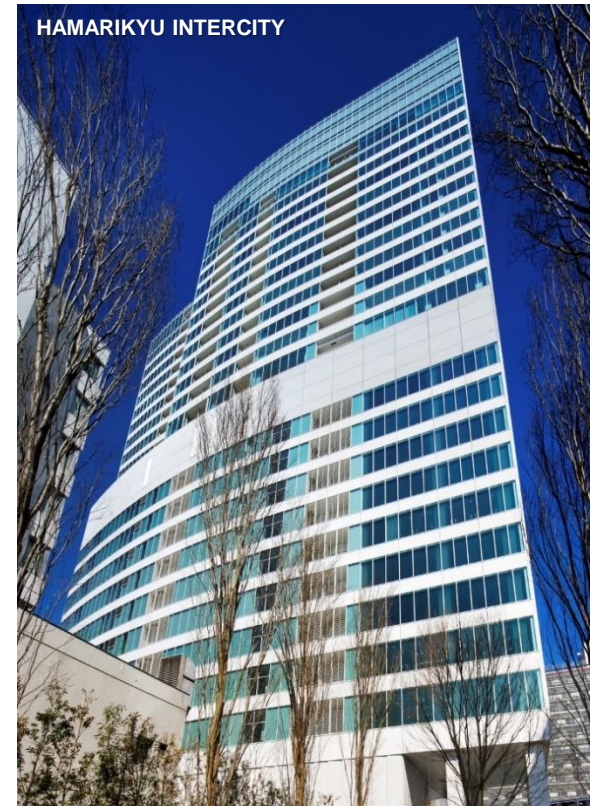
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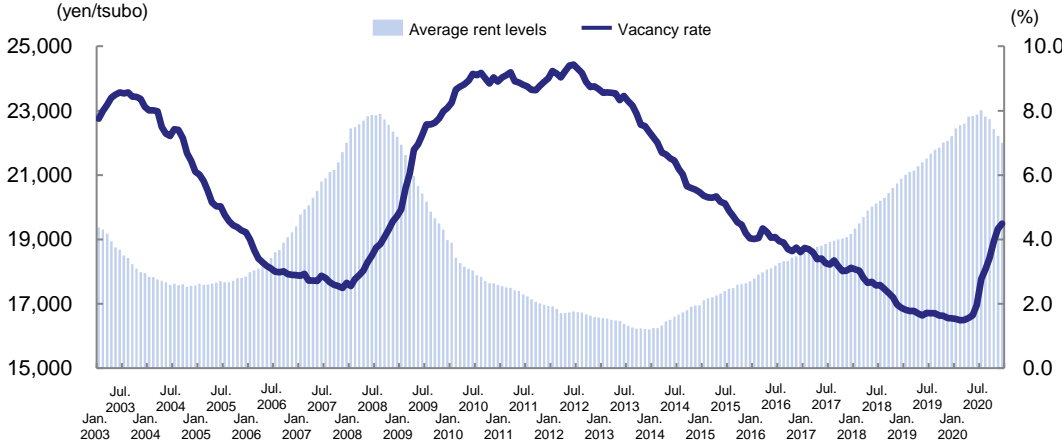


## Reference Materials — Appendix

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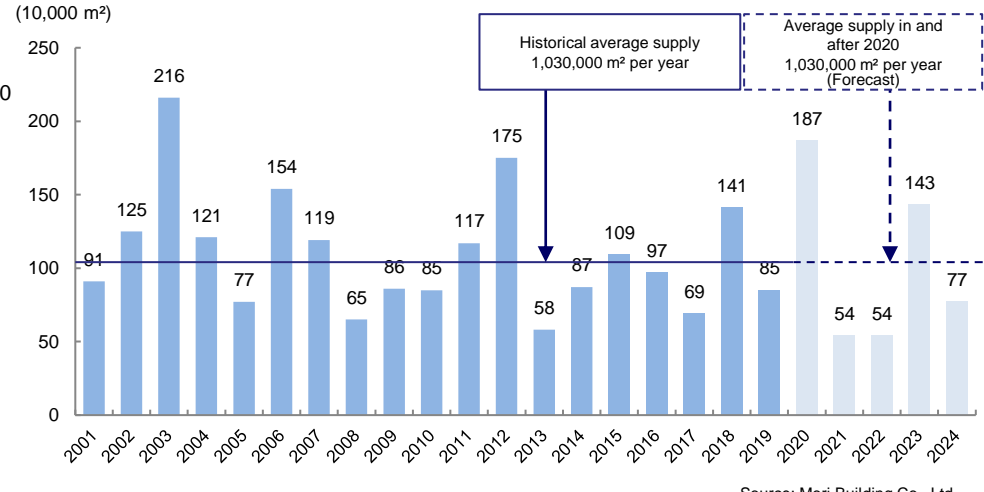


## ■ Historical Rent Levels and Vacancy Rate in 5 Central Wards of Tokyo



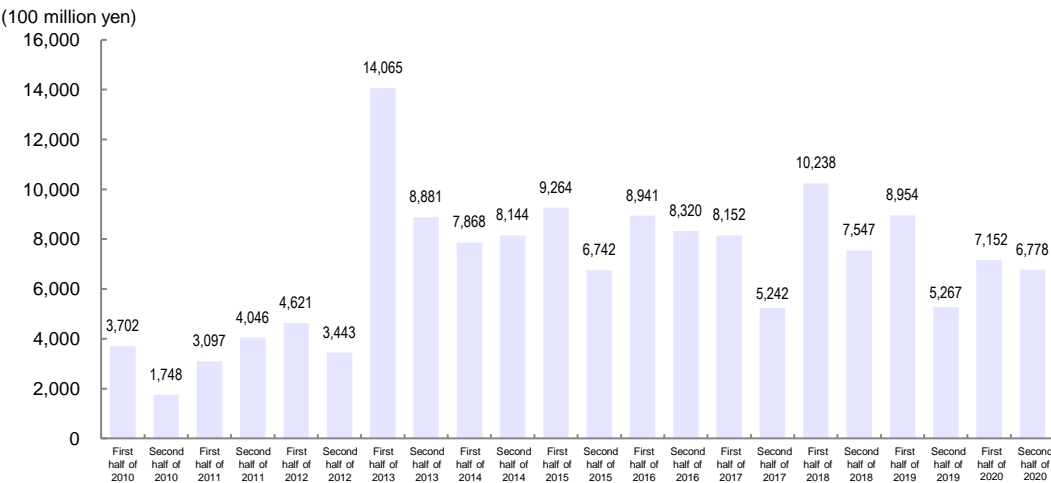
Source: Miki Shoji Co., Ltd.

## ■ Historical New Large-Scale Office Supply Volume in 23 Wards of Tokyo



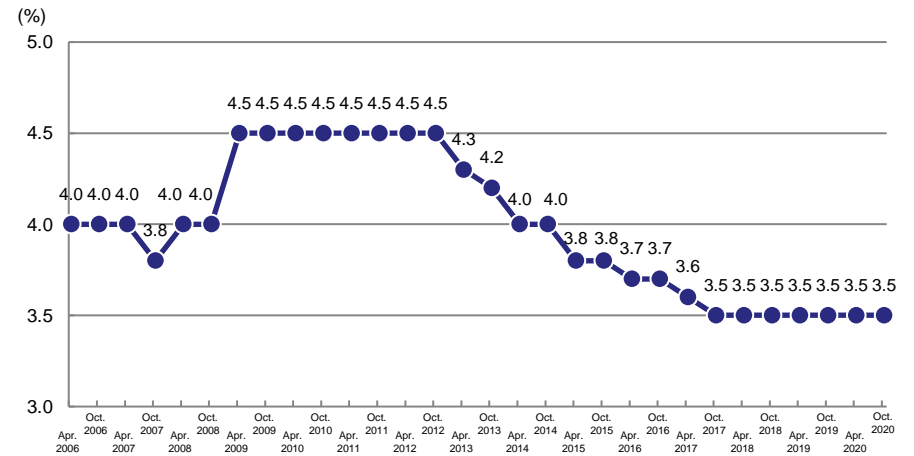
Source: Mori Building Co., Ltd.

## ■ Historical Actual Real Estate Acquisitions by J-REITs



Source: The Association for Real Estate Securitization

## ■ Historical Expected Cap Rate for Class A Buildings (Marunouchi and Otemachi Areas in Tokyo)



Source: Japan Real Estate Institute

# Revenue and Expenses by Property

(Unit: million yen)

	Area I																	Area II				Area III											Area IV									Area II	Total
	I-1	I-2	I-3	I-8	I-9	I-10	I-12	I-13	I-14	I-15	I-16	I-17	II-1	II-3	II-4	II-5	III-1	III-2	III-3	III-5	III-7	III-9	III-10	III-11	III-12	III-13	IV-2	IV-3	IV-4	IV-5	IV-6	IV-7	IV-8	IV-9	II-2								
	Omori	Shiba 2-Chome	Hamanabashi-cho	AKASAKA INTERCITY	Kowa Shinonodai	Daba Garden City Bldg.	HAMARIKYU INTERCITY	Shinomi-cho	Kowa Nishi-Shimbashi	Mansard Daikanyama	AKASAKA INTERCITY AIR	BIZCORE AKASAKA-MITSUKE	NHK Nagoya	Daba Kojin (Daba Kojin Bldg./Kojin Bldg.)	GRAND FRONT OSAKA Umekita Plaza South Building	North Building	Musashi-Kosaji	Kawasaki Higashi-Guchi	Hongo	Kawasaki Nishi-cho	Ryugoku	Kawasaki Nishi-Guchi	Sengoku	Core City Tachikawa	Nasaki Yokohama	Yokohama Bentenori Dai-ichi	Kyobashi	Hiroshima Hachio-bon	SE Sapporo	Aoba-dori Plaza	Dawa Minamimachi	Naha	Hiroshima Da-ichu Seimei OS	Senshin Building	Nishi-honmachi								
Revenue from operations	921	373	245	615	180	331	759	74	-	312	-	153	382	89	-	-	813	-	-	204	117	648	60	319	1,193	42	187	154	411	193	198	76	140	49	2	10,729							
Rental revenue	872	372	233	587	165	331	713	67	-	295	-	150	-	89	-	-	734	-	-	201	104	587	54	313	1,112	39	167	142	332	174	179	66	133	46	0	9,998							
Other revenue	49	1	11	28	15	0	45	6	-	16	-	3	-	-	-	-	78	-	-	2	12	61	6	6	81	3	19	12	78	18	18	10	6	3	1	730							
Expenses from operations	473	139	105	277	78	136	425	30	-	139	-	49	247	49	-	-	385	-	-	109	67	376	35	133	758	28	88	76	210	105	72	61	76	23	5	5,487							
Property management	153	50	20	37	24	1	118	7	-	30	-	13	65	-	-	-	105	-	-	47	21	102	6	30	166	7	16	19	33	35	22	9	18	5	1	1,371							
Utilities	71	0	9	41	9	-	61	4	-	17	-	4	29	-	-	-	64	-	-	10	48	4	36	169	5	13	13	68	17	13	7	11	3	0	831								
Taxes	79	29	18	38	16	35	53	4	-	31	-	16	25	48	-	-	69	-	-	17	7	49	6	21	121	3	12	18	24	18	13	4	13	3	2	919							
Insurance	1	0	0	0	0	0	1	0	-	0	-	0	0	-	-	-	1	-	-	0	0	1	0	0	3	0	0	0	0	0	0	0	0	0	0	0	20						
Repair and maintenance	8	6	4	2	3	11	27	1	-	16	-	0	9	-	-	-	15	-	-	2	7	4	7	3	16	5	2	1	6	10	2	12	7	3	-	282							
Non-operating expenses	14	1	15	71	2	1	11	1	-	2	-	1	34	0	-	-	7	-	-	0	1	5	0	1	13	0	2	1	1	2	1	4	1	0	0	237							
Depreciation	145	51	37	86	21	86	152	11	31	41	18	13	81	-	-	-	121	92	30	39	20	164	10	38	268	5	41	22	74	21	17	22	24	7	1	1,824							
Profits (loss) from operations	448	233	139	337	102	195	333	43	211	172	106	104	135	39	105	66	427	192	77	94	49	272	25	185	434	13	98	77	200	87	126	15	64	26	-3	5,242							
NOI	593	285	177	424	123	281	486	55	242	214	124	117	217	39	114	77	549	285	108	134	69	436	35	224	703	19	139	100	275	108	144	37	88	33	-2	7,066							
NOI (Annualized with following formula)	1,176	566	351	842	245	558	964	109	481	424	247	232	430	79	226	154	1,089	565	214	266	138	866	70	445	1,396	38	276	198	546	215	285	74	175	66	-367	13,654							
Number of days	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	2							
Acquisition price	22,552	9,450	8,350	28,146	4,705	11,000	19,080	1,750	11,431	11,420	6,590	6,200	5,610	1,770	4,868	3,982	13,890	10,976	5,400	4,725	2,550	20,800	1,620	6,500	24,500	640	3,308	2,760	5,500	2,120	4,410	1,380	2,780	1,580	1,001	273,345							

■ NOI Yield																																						
29th period	5.2%	6.0%	4.2%	3.0%	5.2%	5.1%	5.1%	6.3%	4.2%	3.7%	3.8%	3.8%	7.7%	4.5%	4.6%	3.9%	7.8%	5.2%	4.0%	5.6%	5.4%	4.2%	4.3%	6.8%	5.7%	5.9%	8.4%	7.2%	9.9%	10.2%	6.5%	5.4%	6.3%	4.2%	-36.8%	5.15%		
28th period	5.4%	6.1%	4.3%	2.7%	5.6%	5.3%	5.3%	6.4%	4.2%	4.4%	3.8%	3.8%	7.6%	4.5%	3.3%	3.7%	7.6%	4.4%	3.7%	6.7%	5.6%	4.1%	5.0%	7.0%	5.8%	6.9%	7.6%	6.9%	10.1%	11.1%	6.6%	8.5%	6.7%	4.3%	3.6%	5.14%		
Difference (Pt)	-0.2	-0.1	-0.1	0.3	-0.4	-0.2	-0.2	-0.1	0.0	-0.7	0.0	0.0	0.1	0.0	1.3	0.2	0.2	0.8	0.3	-1.1	-0.2	0.1	-0.7	-0.2	-0.1	-1.0	0.8	0.3	-0.2	-0.9	-0.1	-3.1	-0.4	-0.1	-40.4	0.01		

■ NOI Yield after Depreciation																																						
29th period	3.9%	4.9%	3.3%	2.4%	4.3%	3.5%	3.5%	5.0%	3.7%	3.0%	3.2%	3.3%	4.8%	4.5%	4.3%	3.3%	6.1%	3.5%	2.9%	4.0%	3.9%	2.6%	3.1%	5.7%	3.5%	4.2%	5.9%	5.6%	7.2%	8.2%	5.7%	2.2%	4.6%	3.3%	-63.0%	3.82%		
28th period	4.2%	5.0%	3.4%	2.0%	4.7%	3.7%	3.7%	5.1%	3.7%	3.7%	3.2%	3.4%	4.7%	4.5%	2.9%	3.1%	5.8%	2.7%	2.5%	4.9%	4.1%	2.6%	3.8%	5.8%	3.6%	5.2%	5.2%	5.3%	6.7%	9.1%	5.2%	5.4%	3.9%	3.4%	1.8%	3.76%		
Difference (Pt)	-0.3	-0.1	-0.1	0.4	-0.4	-0.2	-0.2	-0.1	0.0	-0.7	0.0	-0.1	0.1	0.0	1.4	0.2	0.3	0.8	0.4	-0.9	-0.2	0.0	-0.7	-0.1	-0.1	-1.0	0.7	0.3	0.5	-0.9	0.5	-3.2	0.7	-0.1	-64.8	0.06		

\*1 Figures are rounded down to the nearest million yen.

\*2 Ratios are rounded to the first decimal place.

\*3 NOI yield for each property shown is annualized. (NOI yield = Annualized NOI / acquisition price)

\*4 Details concerning revenue and expenses for Kowa Nishi-Shimbashi Building, Kawasaki Higashi-guchi and JEI Hongo Building are not disclosed because we have not received consent from end tenants.

\*5 Details concerning revenue and expenses for AKASAKA INTERCITY AIR are not disclosed because we have not received consent from the co-owner.

\*6 Details concerning rental revenue for NHK Nagoya are not disclosed because we have not received consent from the business partner.

\*7 Details concerning revenue and expenses for GRAND FRONT OSAKA (Umekita Plaza/ South Building) and (North Building) are not disclosed because we have not received consent from the co-owner.

\*8 Nishi-Honmachi was sold on July 3, 2020.

## ■ Breakdown by Area

(Unit: million yen)

	Area I Total	Area II Total	Area III Total	Area IV Total
NOI	3,126	447	2,565	927
Acquisition price	140,674	17,232	91,601	23,838
29th period NOI yield (annualized)	4.4%	5.5%	5.6%	7.7%
28th period NOI yield (annualized)	4.5%	4.9%	5.4%	7.9%
Difference (pt)	-0.1	0.6	0.2	-0.2

# Overview of Period-End Appraisals

## Summary of Period-End Appraisal Value

	28th Period (Jun. 2020)	29th Period (Dec. 2020)	Difference
Number of properties	35 properties	34 properties	-1 property
Period-end appraisal value	318,366 million yen	318,162 million yen	-204 million yen
Book value	257,186 million yen	255,463 million yen	-1,722 million yen
Unrealized gain/loss	61,179 million yen	62,698 million yen	1,518 million yen
Ratio of unrealized gain/loss <sup>*1</sup>	23.8%	24.5%	0.7pt

\*1 "Ratio of unrealized gain/loss" is calculated by dividing unrealized gain/loss at the end of each fiscal period by book value.

## Number of Properties with Increase/Decrease in Appraisal Value<sup>\*2</sup>

	28th Period (Jun. 2020)	29th Period (Dec. 2020)
Increase	18 properties	15 properties
Unchanged	14 properties	11 properties
Decrease	1 property	8 properties

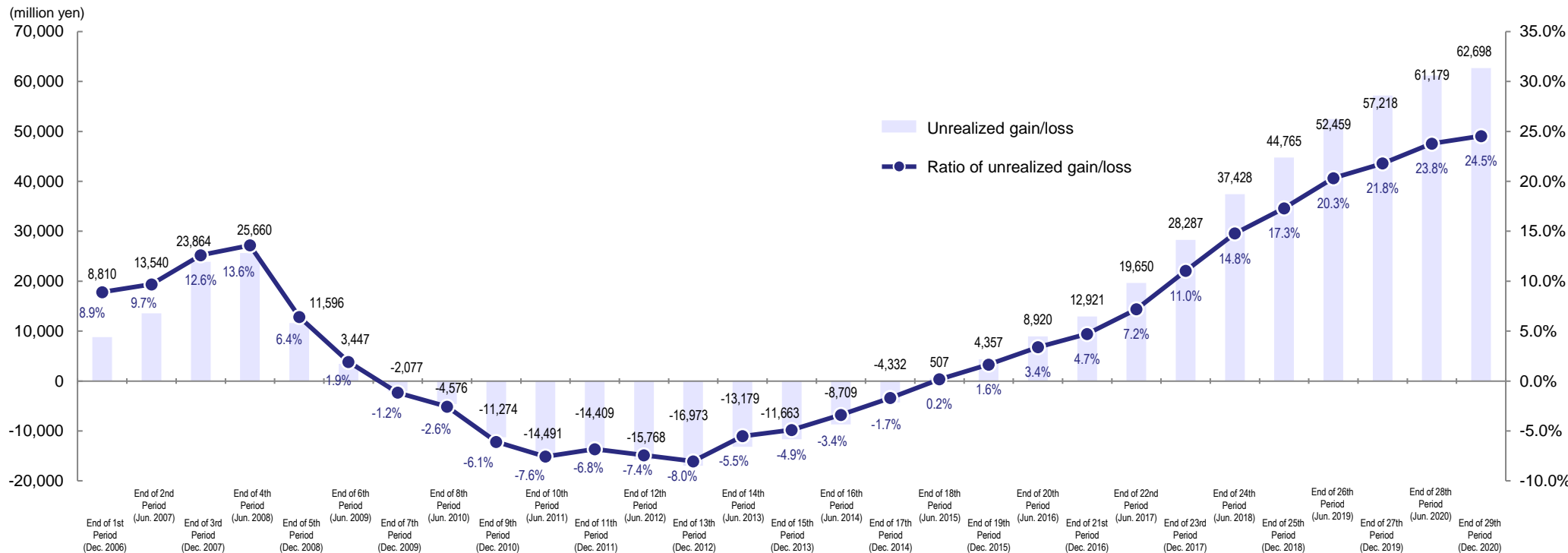
\*2 Increase/decrease breakdowns are shown in comparison with the previous fiscal period for each period.

\*3 As to the cap rate for Shiba 2- Chome Building, comparison is made only for the office portion.

## Status of Cap Rate<sup>\*2\*3</sup>

	28th Period (Jun. 2020)	29th Period (Dec. 2020)
Decline	0 properties	0 properties
Unchanged	33 properties	34 properties
Rise	0 properties	0 properties

## Historical Unrealized Gain/Loss and Ratio of Unrealized Gain/Loss



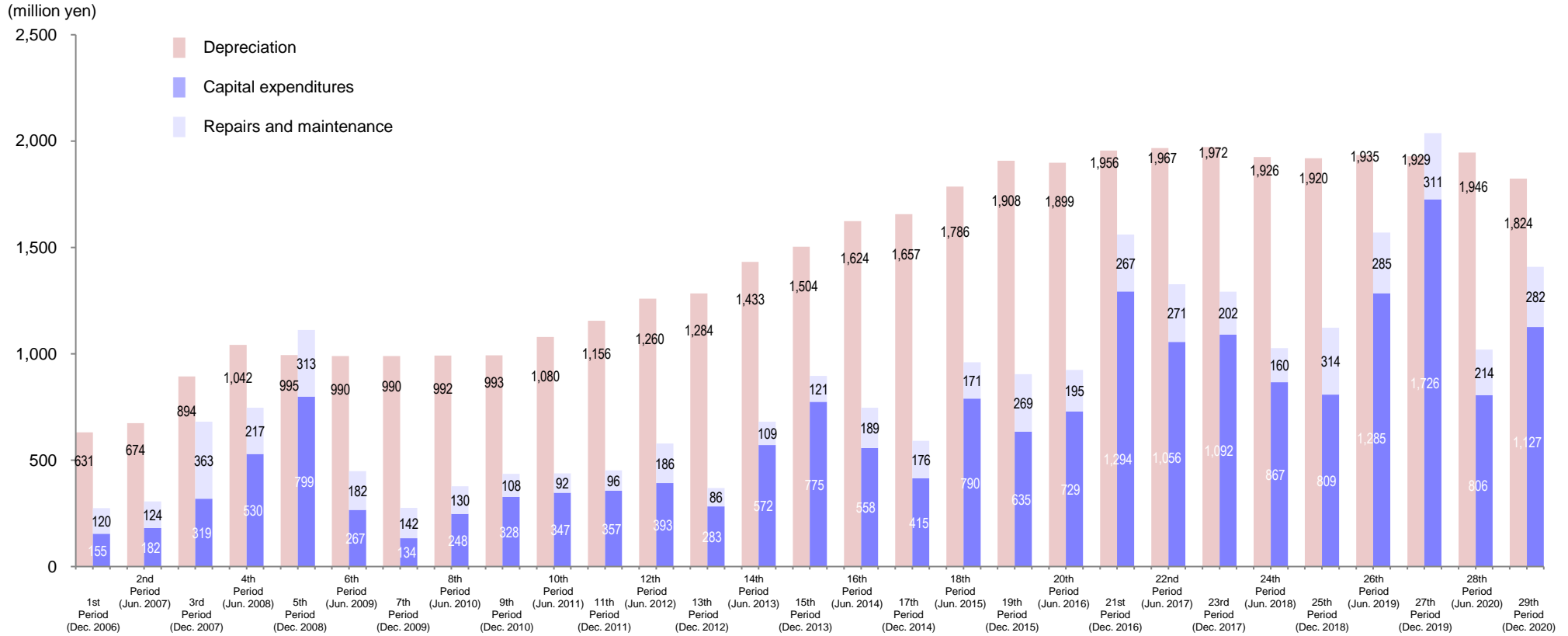
# Period-End Appraisal Value

(Unit: million yen)

Property Number	Area	Name	Acquisition Price	Period-end Appraisal Value		Difference (②-①)		Book Value at end of FP29 ③	Difference (②-③)		Direct reduction reduced yield		Difference (⑤-④) pt	Appraisal Organization	
				End of FP28 ①	End of FP29 ②		%			%	End of FP28 ④	End of FP29 ⑤			
I-1	I	Omori Bellport D	22,552	25,900	25,900	0	0.0%	20,655	5,244	25.4%		4.0%	4.0%	0.0	Chuo Real Estate Appraisal Co., Ltd.
I-2		Shiba 2-Chome Building	9,450	13,500	13,600	100	0.7%	8,982	4,617	51.4%	Office 3.6%	Office 3.6%	Office 0.0	Japan Real Estate Institute	
I-3		JEI Hamamatsucho Building	8,350	9,030	9,040	10	0.1%	8,084	955	11.8%	Residence 4.3%	Residence 4.2%	Residence -0.1	Japan Real Estate Institute	
I-8		AKASAKA INTERCITY	28,146	30,100	30,200	100	0.3%	26,679	3,520	13.2%	3.4%	3.4%	0.0	Japan Real Estate Institute	
I-9		Kowa Shirokanedai Building	4,705	5,400	5,010	-390	-7.2%	4,654	355	7.6%	2.9%	2.9%	0.0	Japan Real Estate Institute	
I-10		Daiba Garden City Building	11,000	10,200	10,100	-100	-1.0%	9,502	597	6.3%	4.2%	4.2%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-12		HAMARIKYU INTERCITY	19,080	25,900	25,900	0	0.0%	17,178	8,721	50.8%	3.3%	3.3%	0.0	Japan Real Estate Institute	
I-13		Shintomicho Building	1,750	2,200	2,200	0	0.0%	1,729	470	27.2%	4.1%	4.1%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-14		Kowa Nishi-shimbashi Building	11,431	13,300	13,600	300	2.3%	10,960	2,639	24.1%	3.1%	3.1%	0.0	Japan Real Estate Institute	
I-15		Mansard Daikanyama	11,420	13,900	13,900	0	0.0%	11,208	2,691	24.0%	3.0%	3.0%	0.0	Japan Real Estate Institute	
I-16		AKASAKA INTERCITY AIR	6,590	7,770	7,780	10	0.1%	6,522	1,257	19.3%	2.8%	2.8%	0.0	Japan Real Estate Institute	
I-17		BIZCORE AKASAKA-MITSUKE	6,200	6,610	6,630	20	0.3%	6,189	440	7.1%	3.2%	3.2%	0.0	Japan Real Estate Institute	
II-1		II	NHK Nagoya Housou-Center Building	5,610	6,170	6,170	0	0.0%	5,467	703	12.9%	4.3%	4.3%	0.0	Japan Real Estate Institute
II-3			Osaka Kogin Building (land with leasehold interest)	1,770	2,470	2,470	0	0.0%	1,865	604	32.4%	3.2%	3.2%	0.0	Japan Real Estate Institute
II-4			GRAND FRONT OSAKA (Umekita Plaza - South Building)	4,868	5,070	5,000	-70	-1.4%	4,888	111	2.3%	3.6%	3.6%	0.0	Japan Valuers Co., Ltd.
II-5			GRAND FRONT OSAKA (North Building)	3,982	4,140	3,870	-270	-6.5%	4,018	-148	-3.7%	3.7%	3.7%	0.0	Japan Valuers Co., Ltd.
III-1			III	Musashikosugi Tower Place	13,890	21,300	21,500	200	0.9%	12,346	9,153	74.1%	4.0%	4.0%	0.0
III-2	Kowa Kawasaki Higashiguchi Building	10,976		10,200	10,400	200	2.0%	10,357	42	0.4%	4.7%	4.7%	0.0	Japan Valuers Co., Ltd.	
III-3	JEI Hongo Building	5,400		4,750	4,650	-100	-2.1%	4,941	-291	-5.9%	4.1%	4.1%	0.0	Japan Valuers Co., Ltd.	
III-5	Kawasaki Nishincho Building	4,725		4,730	4,660	-70	-1.5%	4,153	506	12.2%	4.8%	4.8%	0.0	Japan Valuers Co., Ltd.	
III-7	JEI Ryogoku Building	2,550		2,650	2,650	0	0.0%	2,189	460	21.0%	4.4%	4.4%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
III-9	Kowa Kawasaki Nishiguchi Building	20,800		16,400	16,300	-100	-0.6%	19,113	-2,813	-14.7%	4.6%	4.6%	0.0	Japan Valuers Co., Ltd.	
III-10	Pacific Square Sengoku	1,620		1,580	1,580	0	0.0%	1,620	-40	-2.5%	4.2%	4.2%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
III-11	Core City Tachikawa	6,500		9,400	9,400	0	0.0%	6,063	3,336	55.0%	4.1%	4.1%	0.0	Japan Real Estate Institute	
III-12	Nisseki Yokohama Building	24,500		30,400	31,000	600	2.0%	22,686	8,313	36.6%	3.7%	3.7%	0.0	Japan Real Estate Institute	
III-13	Yokohama Bentendori Dai-ichi Seimei Building	640		672	672	0	0.0%	677	-5	-0.8%	4.5%	4.5%	0.0	Japan Real Estate Institute	
IV-2	IV	JEI Kyobashi Building		3,308	4,400	4,410	10	0.2%	2,779	1,630	58.7%	5.1%	5.1%	0.0	DAIWA REAL ESTATE APPRAISAL Corporation
IV-3		JEI Hiroshima Hacchobori Building		2,760	3,850	3,930	80	2.1%	2,532	1,397	55.2%	4.6%	4.6%	0.0	Japan Real Estate Institute
IV-4		SE Sapporo Building		5,500	8,950	9,060	110	1.2%	5,099	3,960	77.7%	4.8%	4.8%	0.0	Chuo Real Estate Appraisal Co., Ltd.
IV-5		Aoba-dori Plaza	2,120	4,460	4,460	0	0.0%	2,194	2,265	103.2%	4.5%	4.5%	0.0	Japan Real Estate Institute	
IV-6		Daiwa Minamimoricho Building	4,410	5,200	5,180	-20	-0.4%	4,177	1,002	24.0%	4.6%	4.6%	0.0	DAIWA REAL ESTATE APPRAISAL Corporation	
IV-7		JEI Naha Building	1,380	1,940	1,950	10	0.5%	1,479	470	31.8%	5.1%	5.1%	0.0	Japan Real Estate Institute	
IV-8		Hiroshima Dai-ichi Seimei OS Building	2,780	3,290	3,300	10	0.3%	2,831	468	16.6%	4.6%	4.6%	0.0	Japan Real Estate Institute	
IV-9		Senshin Building	1,580	1,670	1,690	20	1.2%	1,632	57	3.5%	4.4%	4.4%	0.0	The Tanizawa Sogo Appraisal Co., Ltd.	
			<b>Total</b>	<b>272,344</b>	<b>317,502</b>	<b>318,162</b>	<b>660</b>	<b>0.2%</b>	<b>255,463</b>	<b>62,698</b>	<b>24.5%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>-0.0</b>	<b>-</b>
		<b>Area I total</b>	<b>140,674</b>	<b>163,810</b>	<b>163,860</b>	<b>50</b>	<b>0.0%</b>	<b>132,347</b>	<b>31,512</b>	<b>23.8%</b>	<b>3.4%</b>	<b>3.4%</b>	<b>-0.0</b>	<b>-</b>	
		<b>Area II total</b>	<b>16,231</b>	<b>17,850</b>	<b>17,510</b>	<b>-340</b>	<b>-1.9%</b>	<b>16,239</b>	<b>1,270</b>	<b>7.8%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>0.0</b>	<b>-</b>	
		<b>Area III total</b>	<b>91,601</b>	<b>102,082</b>	<b>102,812</b>	<b>730</b>	<b>0.7%</b>	<b>84,149</b>	<b>18,662</b>	<b>22.2%</b>	<b>4.2%</b>	<b>4.2%</b>	<b>0.0</b>	<b>-</b>	
		<b>Area IV total</b>	<b>23,838</b>	<b>33,760</b>	<b>33,980</b>	<b>220</b>	<b>0.7%</b>	<b>22,726</b>	<b>11,253</b>	<b>49.5%</b>	<b>4.7%</b>	<b>4.7%</b>	<b>0.0</b>	<b>-</b>	
		<b>Total</b>	<b>272,344</b>	<b>317,502</b>	<b>318,162</b>	<b>660</b>	<b>0.2%</b>	<b>255,463</b>	<b>62,698</b>	<b>24.5%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>-0.0</b>	<b>-</b>	

\*1 "Appraisal value" includes the appraisal value described in the real estate appraisal report made by a real estate appraiser belonging to Japan Real Estate Institute, Chuo Real Estate Appraisal Co., Ltd., Japan Valuers Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Corporation as of the end of the 28th Period and 29th Period based on Japan Excellent's rules and the regulations stipulated by the Investment Trusts Association, Japan.

## ■ History of Expenses for Repairs and Maintenance and Depreciation



## Capital Expenditures/Depreciation

24.6%	27.0%	35.7%	50.9%	80.3%	27.0%	13.5%	25.0%	33.0%	32.1%	30.9%	31.2%	22.0%	39.9%	51.5%	34.4%	25.0%	44.2%	33.3%	38.4%	66.2%	53.7%	55.4%	45.0%	42.1%	66.4%	89.5%	41.4%	61.8%
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# Statement of Income and Retained Earnings

(Unit: million yen)

	28th Period (Jun. 2020)	(%)	29th Period (Dec. 2020)	(%)	Compared with previous period	
					Difference	(%)
1. Operating revenue (A)	12,717	100.0	11,043	100.0	-1,673	-13.2
Rental revenue	10,250		9,998		-251	
Other rental revenue	763		730		-32	
Total rental revenue (a)	11,013	86.6	10,729	97.2	-283	-2.6
Gain on sales of real estate, etc.	1,704		314		-1,389	
2. Operating expenses (B)	6,426	50.5	6,119	55.4	-307	-4.8
Property management expenses	1,455		1,371		-83	
Utilities expenses	864		831		-33	
Taxes	963		919		-44	
Insurance	22		20		-2	
Repairs and maintenance	214		282		67	
Other expenses for rental operation	229		237		8	
Depreciation	1,946		1,824		-122	
Total operating expenses (b)	5,697	44.8	5,487	49.7	-209	-3.7
Profits from operation (a)-(b)	5,316	41.8	5,242	47.5	-74	-1.4
Asset management fees	530		470		-59	
Other	199		160		-38	
3. Operating income (A)-(B)	6,290	49.5	4,924	44.6	-1,366	-21.7
4. Non-operating income	0	0.0	0	0.0	0	-6.2
5. Non-operating expenses	659	5.2	634	5.7	-25	-3.9
Interest expense	342		336		-6	
Loan relating fees	148		141		-7	
Interest expense on investment corporation bonds	131		139		8	
Amortization of investment corporation bond issuance costs	11		12		0	
Other	25		4		-20	
6. Ordinary income	5,631	44.3	4,291	38.9	-1,340	-23.8
7. Net income before taxes	5,631	44.3	4,291	38.9	-1,340	-23.8
8. Income taxes – current	0		0		0	
9. Net income	5,631	44.3	4,290	38.9	-1,340	-23.8
10. Retained earnings brought forward	0		0		0	
11. Unappropriated retained earnings at the end of period	5,631		4,291		-1,340	

Reference: excluding impairment losses and gain or loss on sales

Unappropriated retained earnings at the end of period	3,927		3,977		49	1.3
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\* Figures under one million yen are rounded down. Ratios are rounded to the first decimal place.

# Balance Sheet

(Unit: million yen)

Assets						Liabilities and Unitholders' Equity					
	28th Period (Jun. 2020)		29th Period (Dec. 2020)		Difference		28th Period (Jun. 2020)		29th Period (Dec. 2020)		Difference
<b>(Assets)</b>		%		%		<b>(Liabilities)</b>		%		%	
<b>I. Current assets</b>	34,333	11.7	36,558	12.4	2,224	<b>I. Current liabilities</b>	13,640	4.6	16,098	5.5	2,457
Cash and deposits	17,620		19,651		2,030	Operating accounts payable	1,220		1,674		453
Cash and deposits in trust	16,194		16,371		176	Short-term loans	5,000		—		-5,000
Operating accounts receivable	328		325		-3	Long-term loans due within a year	6,000		13,510		7,510
Other	189		210		20	Other accounts payable	554		466		-88
<b>II. Fixed assets</b>	259,054	88.3	257,279	87.5	-1,775	Accrued consumption taxes	533		119		-414
1. Property and equipment	248,080	84.5	246,357	83.8	-1,722	Other	331		328		-3
Real Estate	16,409		16,337		-72	<b>II. Long-term liabilities</b>	127,759	43.5	125,487	42.7	-2,271
Real Estate in trust	231,562		229,903		-1,659	Investment corporation bonds	33,000		38,000		5,000
Construction in progress	107		116		8	Long-term loans	81,600		74,090		-7,510
2. Intangible assets	9,114	3.1	9,113	3.1	-1	Security deposits from tenants	1,197		1,200		3
Leasehold rights	1,721		1,721		-	Security deposits from tenants in trust	11,961		12,196		235
Leasehold rights in trust	7,382		7,382		-	<b>Total liabilities</b>	141,399	48.2	141,585	48.2	186
Other	11		9		-1	<b>(Net assets)</b>					
3. Investments and other assets	1,859	0.6	1,808	0.6	-51	<b>I. Unitholders' equity</b>	152,133	51.8	152,418	51.8	285
Leasehold and security deposits	18		19		0	1. Unitholders' capital	146,501	49.9	147,907	50.3	1,406
Long-term prepaid expenses	919		823		-95	2. Retained earnings	5,631		4,511		-1,120
Other	922		965		43	Voluntary retained earnings (Reserve for reduction entry)	—	0.0	219	0.1	219
<b>III. Deferred assets</b>	144	0.0	166	0.1	22	Unappropriated retained earnings	5,631	1.9	4,291	1.5	-1,340
Investment corporation bond issuance costs	144		166		22	<b>Total net assets</b>	152,133	51.8	152,418	51.8	285
<b>Total assets</b>	293,532	100.0	294,004	100.0	471	<b>Total liabilities and net assets</b>	293,532	100.0	294,004	100.0	471

\* Figures under one million yen are rounded down. Ratios are rounded to the first decimal place.



## ■ Cash Flow Statement

(Unit: million yen)

29th Period (Dec. 2020)	
Classification	Amount
<b>I. Cash flow from operating activities</b>	<b>6,625</b>
Net income before taxes	4,291
Depreciation	1,825
Decrease in property and equipment due to sale	1,036
Other	-527
<b>II. Cash flow from investing activities</b>	<b>-379</b>
Purchase of property and equipment	-616
Net payments for security deposits	238
Other	0
<b>III. Cash flow from financing activities</b>	<b>-4,039</b>
Repayment of short-term loans	-5,000
Proceeds from long-term loans	2,000
Repayment of long-term loans	-2,000
Proceeds from issuance of investment corporation bonds	4,965
Distributions to unitholders	-4,004
<b>IV. Net increase/ decrease in cash and cash equivalents</b>	<b>2,207</b>
<b>V. Cash and cash equivalents at beginning of period</b>	<b>33,815</b>
<b>VI. Cash and cash equivalents at end of period</b>	<b>36,022</b>

## ■ Profit Distribution

(Unit: yen)

29th Period (Dec. 2020)	
Classification	Amount
Unappropriated retained earnings at the end of period	4,291,443,584
Provision of reserve for reduction entry	232,196,582
Distributions	4,059,000,000
(Distributions per investment unit)	(3,000)
Earnings carried over to next period	247,002
<b>Total number of outstanding investment units at the end of period</b>	<b>1,353,000</b>

\* Figures under one million yen are rounded down.

# Financial Indicators

Financial indicators	Unit	24th Period (Jun. 2018)	25th Period (Dec. 2018)	26th Period (Jun. 2019)	27th Period (Dec. 2019)	28th Period (Jun. 2020)	29th Period (Dec. 2020)	Calculation method
EBITDA (Earnings before interest, tax and depreciation and amortization)	MN yen	5,785	6,035	6,116	4,675	8,053	6,592	Income before income taxes + (Interest expense + Interest expense on investment corporation bonds) + Depreciation and amortization (including depreciation other than the expenses for rental operations)
NOI (Net operating income)	MN yen	6,707	6,797	6,856	6,913	7,263	7,066	Rental revenue - rental expenses + Depreciation and amortization
FFO (Funds from operation)	MN yen	5,430	5,516	5,626	5,703	5,873	5,800	Net income + Depreciation and amortization - Net profit from sale of real estate + Impairment loss
FFO per unit	yen	4,159	4,225	4,309	4,367	4,341	4,287	FFO / Total number of outstanding investment units at the end of period
AFFO (Adjusted funds from operation)	MNyen	4,563	4,707	4,341	3,976	5,067	4,672	FFO - Capital expenditures
AFFO Distribution payout ratio	%	80.1	76.4	85.0	95.8	79.0	86.9	(Total cash distribution amount / AFFO) × 100
NAV (Net asset value)	MN yen	181,215	188,492	196,282	199,595	213,312	215,116	Period end total assets - Period end total liabilities + Real estate valuation gain/loss
NAV per unit	yen	138,787	144,361	150,327	152,865	157,658	158,992	NAV / Total number of outstanding investment units at the end of period
DSCR (Debt service coverage ratio)	times	11.1	11.7	12.5	9.4	17.0	13.9	Cash flow before interest / (Interest expense + Interest expense on investment corporation bonds) (Note) Cash flow before interest = Net income before interest and taxes + Depreciation and amortization (including depreciation other than the expenses for rental operations)
ROA	%	1.2	1.3	1.3	0.8	1.9	1.5	Ordinary income / [(Period beginning total assets + period end total assets) / 2] × 100
(Reference) Annualized with following formula	%	(2.4)	(2.5)	(2.6)	(1.6)	(3.9)	(2.9)	Above x 365 days / Number of operating days
ROE	%	2.3	2.5	2.6	1.6	3.8	2.8	Net income / [(Period beginning net assets + period end net assets) / 2] × 100
(Reference) Annualized with following formula	%	(4.7)	(5.0)	(5.2)	(3.1)	(7.7)	(5.6)	Above x 365 days / Number of operating days
Equity to Total Assets	%	50.5	50.4	50.3	49.3	51.8	51.8	(Period end net assets / Period end total assets) × 100
LTV (period-end total asset basis)	%	44.4	44.4	44.2	44.9	42.8	42.7	(Period end interest-bearing debt / Period end total assets) × 100
LTV (period-end valuation gain/loss basis)	%	39.2	38.3	37.4	37.5	35.4	35.2	(Period-end interest-bearing debt / (Period-end total assets + Real estate valuation gain/loss)) × 100
BPS (Book value per unit)	yen	110,122	110,076	110,149	109,042	112,441	112,652	Period end net assets / Total number of outstanding investment units at the end of period

\* Figures are rounded down to the nearest whole number. Ratios are rounded to the first decimal place.

# Status of Interest-Bearing Debt

## Balance of Interest-Bearing Debt (As of the End of 29th Period)

Lender	Interest-bearing debt (million yen)	As a percentage of all borrowings
Mizuho Bank, Ltd.	17,785	20.3%
MUFG Bank, Ltd.	13,005	14.8%
Development Bank of Japan Inc.	12,800	14.6%
Sumitomo Mitsui Banking Corporation	8,270	9.4%
Mizuho Trust & Banking Co., Ltd.	7,807	8.9%
The Norinchukin Bank	7,412	8.5%
The Dai-ichi Life Insurance Company, Limited	6,000	6.8%
Resona Bank, Ltd.	3,400	3.9%
Sompo Japan Nipponkoa Insurance Inc.	2,500	2.9%
Aozora Bank, Ltd.	2,500	2.9%
Sumitomo Mitsui Trust Bank, Limited	1,620	1.8%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,500	1.7%
The Bank of Fukuoka, Ltd.	1,000	1.1%
Shinkin Central Bank	1,000	1.1%
Nippon Life Insurance Company	1,000	1.1%
<b>Loan Total</b>	<b>87,600</b>	<b>100.0%</b>

\* Shaded areas refer to sponsor companies.

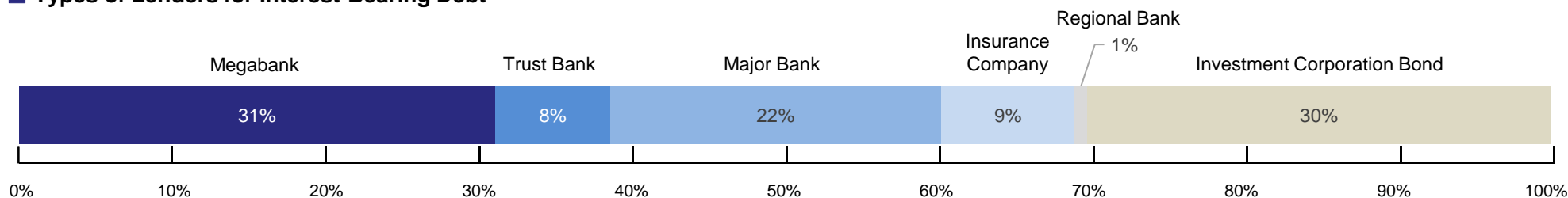
## Status of Investment Corporation Bonds (As of the End of 29th Period)

Investment Corporation Bond	Maturity date	Balance (million yen)	Interest rate	Period
7th Series Unsecured Investment Corporation Bond	Mar. 11, 2024	8,000	1.13%	10 years
8th Series Unsecured Investment Corporation Bond	Sep. 9, 2025	5,000	1.03%	10 years
9th Series Unsecured Investment Corporation Bond	Oct. 27, 2026	2,000	0.45%	10 years
10th Series Unsecured Investment Corporation Bond	Dec. 20, 2023	2,000	0.39%	7 years
11th Series Unsecured Investment Corporation Bond	Apr. 23, 2027	7,000	0.65%	10 years
12th Series Unsecured Investment Corporation Bond	Apr. 20, 2023	2,000	0.24%	5 years
13th Series Unsecured Investment Corporation Bond	Apr. 20, 2033	2,000	0.95%	15 years
(JEI Green Bond) 14th Series Unsecured Investment Corporation Bond	Aug. 10, 2028	4,000	0.63%	10 years
15th Series Unsecured Investment Corporation Bond	Sep. 9, 2039	1,000	1.07%	20 years
(2nd JEI Green Bond) 16th Series Unsecured Investment Corporation Bond	Oct. 29, 2035	5,000	0.75%	15 years
<b>Investment Corporation Bond Total</b>		<b>38,000</b>		

## Status of Commitment Line (As of the End of 29th Period)

Lender	Established amount (million yen)	Term
Mizuho Bank, Ltd.	6,000	From January 30, 2020 to January 29, 2021
MUFG Bank, Ltd.	5,000	
Sumitomo Mitsui Banking Corporation	3,000	
<b>Total Commitment Line</b>	<b>14,000</b>	

## Types of Lenders for Interest-Bearing Debt



Owner Classification	Investment Units				
	28th Period (Jun. 2020)		29th Period (Dec. 2020)		Composition change
	Number of units	Composition	Number of units	Composition	
Financial Institutions and Securities Companies	989,035	73.1%	970,618	71.7%	-1.4pt
Other Domestic Companies	116,197	8.6%	112,270	8.3%	-0.3pt
Foreign Companies, etc.	184,462	13.6%	205,678	15.2%	1.6pt
Individuals	63,306	4.7%	64,434	4.8%	0.1pt
<b>Total</b>	<b>1,353,000</b>	<b>100.0%</b>	<b>1,353,000</b>	<b>100.0%</b>	<b>-</b>

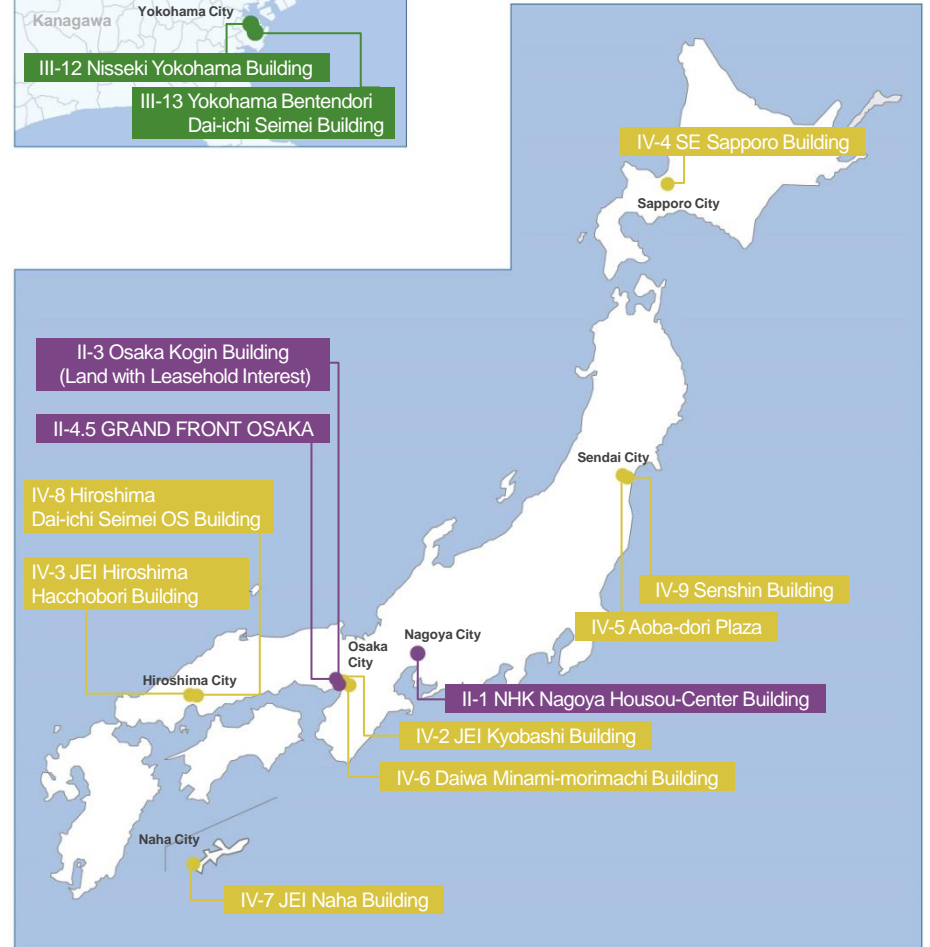
Unitholders				
28th Period (Jun. 2020)		29th Period (Dec. 2020)		Composition change
Number of unitholders	Composition	Number of unitholders	Composition	
173	2.6%	167	2.4%	-0.2pt
165	2.4%	165	2.4%	-
203	3.0%	220	3.2%	0.2pt
6,205	92.0%	6,362	92.0%	-
<b>6,746</b>	<b>100.0%</b>	<b>6,914</b>	<b>100.0%</b>	<b>-</b>

**Ratio of investment units held by the 2 core sponsor companies: 6.8%**

Rank	Name	Units	Composition ratio (%)
1	Custody Bank of Japan, Ltd. (Trust Account)	344,195	25.4%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	212,335	15.7%
3	Nippon Steel Kowa Real Estate Co., Ltd.	71,560	5.3%
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	61,265	4.5%
5	Custody Bank of Japan, Ltd.(Securities Investment Trust Account)	59,246	4.4%
6	The Dai-ichi Life Insurance Company, Limited	20,660	1.5%
7	State Street Bank - West Client – Treaty 505234	18,836	1.4%
8	SSBTC CLIENT OMNIBUS ACCOUNT	14,127	1.0%
9	Nomura Securities Co., Ltd.	13,782	1.0%
10	JP MORGAN CHASE BANK 385771	13,500	1.0%
<b>Total</b>		<b>829,506</b>	<b>61.3%</b>

\*1 Ratios are rounded to the first decimal place.

\*2 Shaded area in the above top 10 unitholders' list indicates sponsors.



# Portfolio Overview (1)

Property Number	I-1	I-2	I-3	I-8	I-9	I-10	I-12	I-13
Type	Office	Office	Office	Office	Office	Office	Other	Office
Name	Omori Bellport D	Shiba 2-Chome Building	JEI Hamamatsucho Building	AKASAKA INTERCITY	Kowa Shirokanedai Building	Daiba Garden City Building	HAMARIKYU INTERCITY	Shintomicho Building
								
Location	Minami-Oi, Shinagawa Ward, Tokyo	Shiba, Minato Ward, Tokyo	Hamamatsucho, Minato Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Shirokanedai, Minato Ward, Tokyo	Daiba, Minato Ward, Tokyo	Kaigan, Minato Ward, Tokyo	Irifune, Chuo Ward, Tokyo
Total floor area (m <sup>2</sup> )	155,778.75	19,518.15	8,327.53	73,061.33	7,374.74	33,283.49	35,555.87	3,169.78
Completion date	September 1996	March 1994	December 1991	January 2005	March 1978	December 2007	March 2011	November 1990
Acquisition date	June 2006	June 2006	June 2006	1. Oct. 2007 2. Feb. 2013	December 2010	February 2011	1. Dec. 2011 2. Feb. 2014	March 2012
Acquisition price (MN yen)	22,552	9,450	8,350	28,146	4,705	11,000	19,080	1,750
Investment ratio (%)	8.3	3.5	3.1	10.3	1.7	4.0	7.0	0.6
Period-end Occupancy rate (%)	100.0	100.0	100.0	100.0	97.3	100.0	98.6	100.0
PML (%)	3.61	6.61	4.18	2.97	6.95	6.56	2.60	4.13
DBJ Green Building Certification	★★★	★★	★	★★★★★	—	★★	Residential portion: ★★★★★★ Office portion: ★★★★★	—

\*1 "Completion Date" is as of the time of initial construction described in the register.

\*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.

\*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price and is rounded to the first decimal place.

# Portfolio Overview (2)

Property Number	I-14	I-15	I-16	I-17	II-1	II-3	II-4	II-5
Type	Office	Office	Office	Office	Office	Office	Office	Office
Name	Kowa Nishi-Shimbashi Building	Mansard Daikanyama	AKASAKA INTERCITY AIR	BIZCORE AKASAKA-MITSUKE	NHK Nagoya Housou-Center Building	Osaka Kogin Building (land with leasehold interest)	GRAND FRONT OSAKA (Umekita Plaza / South Building)	GRAND FRONT OSAKA (North Building)
								
Location	Nishishinbashi, Minato Ward, Tokyo	Sarugakucho, Shibuya Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Higashi Ward, Nagoya City, Aichi	Chuo Ward, Osaka City, Osaka	Kita Ward, Osaka City, Osaka	Kita Ward, Osaka City, Osaka
Total floor area (m <sup>2</sup> )	19,418.17	8,402.51	176,536.75	3,515.63	80,809.95	3,158.45 (site area for land)	181,371.39 (South Building) 10,226.10 (Umekita Plaza)	290,030.59
Completion date	July 1996	December 2009	August 2017	March 2019	July 1991	—	Mar. 2013 (South Building) Feb. 2013 (Umekita Plaza)	February 2013
Acquisition date	1. Mar. 2013 2. Aug. 2017	July 2016	July 2018	Oct. 2019	1. Jun. 2006 2. Mar. 2014	February 2013	February 2020	February 2020
Acquisition price (MN yen)	11,431	11,420	6,590	6,200	5,610	1,770	4,868	3,982
Investment ratio (%)	4.2	4.2	2.4	2.3	2.1	0.6	1.8	1.5
Period-end Occupancy rate (%)	93.2	94.1	100.0	100.0	98.8	100.0	98.0	97.6
PML (%)	3.30	5.74	0.66	8.41	1.44	—	0.63	0.58
DBJ Green Building Certification	★★★	★★★★	★★★★★	★★★	—	—	—	—

\*1 "Completion Date" is as of the time of initial construction described in the register.

\*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.  
However, for Osaka Kogin Building (land with leasehold interest), the acquisition price is calculated as the land purchase price specified in the relevant trust beneficiary interest transfer agreement subject to conditions precedent minus the amount equivalent to the key money pertaining to the leasehold interest in land, which will be received from the lessee of the land.

\*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price and is rounded to the first decimal place.



# Portfolio Overview (3)

Property Number	III-1	III-2	III-3	III-5	III-7	III-9	III-10	III-11	III-12	III-13
Type	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office
Name	Musashikosugi Tower Place	Kowa Kawasaki Higashiguchi Building	JEI Hongo Building	Kawasaki Nisshincho Building	JEI Ryogoku Building	Kowa Kawasaki Nishiguchi Building	Pacific Square Sengoku	Core City Tachikawa	Nisseki Yokohama Building	Yokohama Bentendori Dai-ichi Seimei Building
										
Location	Nakahara Ward, Kawasaki City, Kanagawa	Kawasaki Ward, Kawasaki City, Kanagawa	Hongo, Bunkyo Ward, Tokyo	Kawasaki Ward, Kawasaki City, Kanagawa	Ryogoku, Sumida Ward, Tokyo	Saiwai Ward, Kawasaki City, Kanagawa	Honkomagome, Bunkyo Ward, Tokyo	Akebonocho, Tachikawa City, Tokyo	Naka Ward, Yokohama City, Kanagawa	Naka Ward, Yokohama City, Kanagawa
Total floor area (m <sup>2</sup> )	53,711.13	31,009.62	5,877.11	22,141.60	5,820.56	61,856.92	4,017.44	19,099.27	72,116.65	2,934.55
Completion date	July 1995	April 1988	February 1991	April 1992	August 1996	February 1988	November 1992	December 1994	May 1997	December 1986
Acquisition date	June 2006	June 2006	June 2006	1. Jun. 2006 2. Nov. 2006 3. Oct. 2008 4. Apr. 2013	June 2006	October 2007	December 2011	February 2013	April 2015	June 2018
Acquisition price (MN yen)	13,890	10,976	5,400	4,725	2,550	20,800	1,620	6,500	24,500	640
Investment ratio (%)	5.1	4.0	2.0	1.7	0.9	7.6	0.6	2.4	9.0	0.2
Period-end Occupancy rate (%)	100.0	100.0	100.0	65.3	100.0	100.0	100.0	100.0	100.0	100.0
PML (%)	3.19	3.25	6.16	5.86	5.57	3.74	4.65	1.92	3.19	5.92
DBJ Green Building Certification	★★★	★★★	—	★★	—	★★★★	—	★	★★★★★	—

\*1 "Completion Date" is as of the time of initial construction described in the register.

\*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.

\*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price and is rounded to the first decimal place.



# Portfolio Overview (4)

Property Number	IV-2	IV-3	IV-4	IV-5	IV-6	IV-7	IV-8	IV-9
Type	Office	Office	Office	Office	Office	Office	Office	Office
Name	JEI Kyobashi Building	JEI Hiroshima Hacchobori Building	SE Sapporo Building	Aoba-dori Plaza	Daiwa Minami-morimachi Building	JEI Naha Building	Hiroshima Dai-ichi Seimei OS Building	Senshin Building
								
Location	Miyakojima Ward, Osaka City, Osaka	Naka Ward, Hiroshima City, Hiroshima	Kita Ward, Sapporo City, Hokkaido	Aoba Ward, Sendai City, Miyagi	Kita Ward, Osaka City, Osaka	Kumoji, Naha City, Okinawa	Minami Ward, Hiroshima City, Hiroshima	Aoba Ward, Sendai City, Miyagi
Total floor area (m <sup>2</sup> )	10,021.32	9,919.93	23,644.22	22,737.38	12,759.65	4,371.94	10,696.54	2,766.22
Completion date	April 1987	February 1999	March 1989	July 1996	January 1990	June 1990	March 1989	October 1984
Acquisition date	September 2011	May 2012	March 2013	February 2014	February 2014	December 2015	June 2018	November 2019
Acquisition price (MN yen)	3,308	2,760	5,500	2,120	4,410	1,380	2,780	1,580
Investment ratio (%)	1.2	1.0	2.0	0.8	1.6	0.5	1.0	0.6
Period-end Occupancy rate (%)	98.9	94.2	100.0	99.4	100.0	91.3	97.2	92.8
PML (%)	7.28	6.66	0.41	1.24	7.83	3.47	9.89	2.87
DBJ Green Building Certification	★★	—	★★★	—	—	—	—	—

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\*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.

\*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price and is rounded to the first decimal place.

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